



FISCAL YEAR

1999

ANNUAL REPORT



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## Salute to FY99

Last year, I established three strategic goals that I believed were needed for Army MWR to establish and maintain quality programs for soldiers and their families into the next century.

- First, exempt certain MWR and Family Programs from the solicitation phase of the A76 Commercial Activities study.
- Second, establish baseline operational standards for each program and determine the appropriate resources needed to reach and maintain those standards.
- Third, support funding for BASOPS to a level consistent with our program standards, thereby ensuring soldier NAF dollars are used for soldier programs.

Following a recommendation by the MWR Board of Directors in October 1998, the Assistant Secretary of the Army (Manpower and Reserve Affairs) exempted Sports and Fitness, Child and Youth Services, ACS, all Category C programs, and Army lodging from A76. With this decision, we avoided the fragmentation of the Army MWR program, maintained the depth and flexibility of our professional workforce, and sustained the ability of the BoD and senior leadership to manage the program's long-term goals. We must still continue to explore reengineering opportunities that will streamline support services, but only after we have determined the resources needed to meet the "front door" requirements established in our standards.

Today's MWR management and practices bear little resemblance to those of a decade ago. The senior leaders of the MWR BoD guide Army MWR by balancing their unique command perspectives with Army-wide requirements. The adoption of financial management standards in the early '90s resulted in significantly improved financial performance, and we expect that the newly implemented program standards will produce a similarly dramatic transformation in MWR programs and their delivery for the future.

Throughout FY99 we developed comprehensive baseline operating standards for key soldier and family programs: Fitness and Sports, Installation AFAP conferences, Child and Youth Services, Army Community Service, Recreation, and Libraries. The February 2000 MWR BoD approved the use of these standards to define staffing, availability, facilities, and equipment for MWR programs that guarantee "predictability" across the Army. The standards also provide logical means to articulate the cost to meet those requirements.

After reviewing the results of an initial Army assessment against the standards, the BoD agreed that we must continue to refine the standards, while also minimizing the migration of authorized appropriated funds from MWR programs. We must crosswalk the assessment to future program objective memorandums and introduce incremental requirements into the budget process if we are to resource to the standards agreed upon.

As I reflect on last year's goals, I think we have come a very long way in a very short period. We have addressed the A76 dilemma. We have developed MWR well-being standards and will measure performance to those standards through the BoD process. These actions are on track. What is less certain is whether we, the Army, will have the ability to

resource those standards. The Chief of Staff, Army, supports our initiatives to sustain MWR programs and indicates that the Army strategy is to bring BASOPS funding to the proper level.

Resourcing to standards may prove particularly challenging, depending on how closely current and projected funding levels match requirements. With stretched BASOPS maintenance and repair accounts, commanders face difficult decisions on funding priorities. Funding for soldier and family programs competes with other areas as commanders make these choices. Any underexecution will generally place out-year funding at risk.

These challenges force us to take a hard look at current programs and practices and to renew our focus on economy, efficiency, and effectiveness. They provide us the opportunity to confirm that we are doing right by our soldiers and their families and to make adjustments where necessary. The Army leadership supports establishment of program standards and the measurement of those standards through the BoD process. Our standards, coupled with your demonstrated commitment to soldiers and their families, will move the MWR world forward as we continue to serve America's Army wherever America's Army serves.

When GEN (Retired) Bernard W. Rogers was awarded the George C. Marshall Medal in late 1999, he provided a powerful reminder of our responsibilities to those who wear the uniform: "The greatest moral imperative for leaders is to take proper care of their troops and their families....They must balance strict discipline, tough training and enforcement of the authority-obedience hierarchy with preserving the dignity and worth of the individual soldiers. Compassion, respect, caring and equality all play a role."

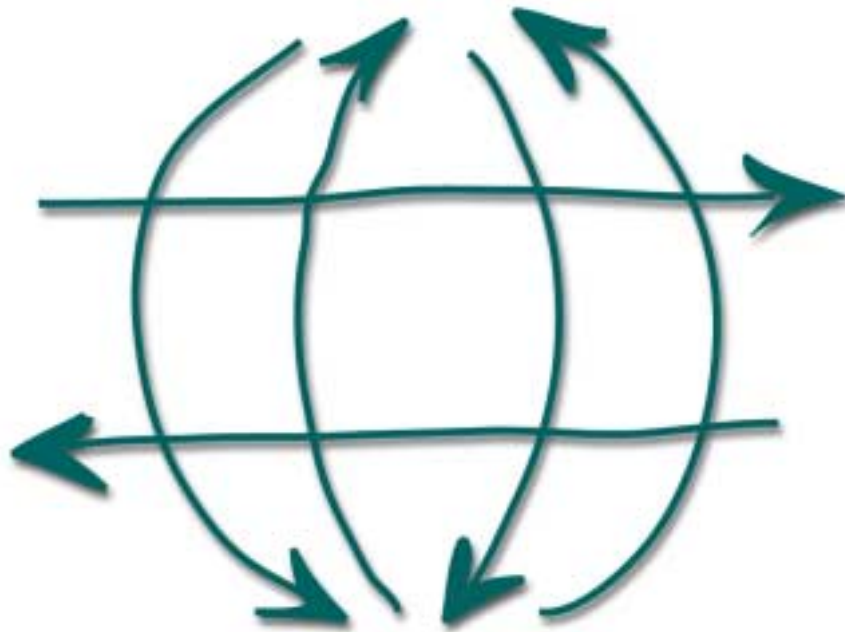
I am proud of what our MWR programs do for soldiers and what we will continue to do, with your steadfast support.



*Craig B. Whelden*

Craig B. Whelden  
Brigadier General, U.S. Army  
Commander  
U.S. Army Community and Family Support Center

# EXECUTIVE SUMMARY



## ... fiscal year 1999 in review

### Congressional Support

Congress continues its strict oversight and staunch support of Morale, Welfare, and Recreation programs. During a March 1999 MWR hearing, Congressman John McHugh, Chairman of the MWR Panel of the House Armed Services Committee, reminded attendees that the Panel remains "solidly behind the morale, welfare, and recreation system.... These programs are essential elements to military readiness and the military community.... It's an integrated, interrelated package that begins to unravel if you remove any of the basic parts...."

Concern for the long-term health and viability of MWR programs was reflected by the HASC over a perceived failure by the services to demonstrate a commitment to fund MWR and over the inequity among services of APF expenditure per service member. Stating that "individual service members deserve to find an adequate quality of life infrastructure wherever they may be assigned," the HASC directed the Secretary of Defense to establish a plan for the services to achieve DOD funding goals and parity by individual service member and to report to Congress when all services achieve those objectives.

The Senate Armed Services Committee also retains an active interest in MWR programs. Demonstrating support for families, the SASC proposed a legislative provision to address domestic violence in the Armed Forces. The FY00 National Defense Authorization Act requires the Secretary of Defense to establish a 3-year military-civilian "defense task force on domestic violence," improve responses to domestic violence, develop uniform policies on responding to domestic violence, and establish a central database to record such incidents.

Other FY99 Congressional highlights included:

- In a report accompanying the FY00 Military Construction Appropriations Bill, the Military Construction Subcommittee, House Appropriations Committee, encouraged DOD to "maintain all efforts possible to meet 80 percent of the child care need" by 2005. The Army is analyzing funding required to meet this goal. The House also expressed concern over safety and health issues in



The US Corps of Cadets pass in review on The Plain at the US Military Academy, West Point, NY.  
- Photo by SGT Christopher Land

the child development center at Landstuhl Hospital, Germany, and directed the Army to use design-build to program a replacement facility in FY01.

- The Senate addressed a supplemental food benefits program overseas. Previously authorized by Title 10, U.S. Code, section 1060a, to provide what is referred to as an "OCONUS WIC" program, the FY00 Defense Authorization mandates that the Secretary of Defense fund and implement such a program. The Office of the Secretary of Defense plans to implement the program by FY01.

- In support of physical fitness programs, Congress appropriated funds beyond the Army's budget request for a \$4.3M physical fitness training center at Camp Kyle, Korea.

- Congress continues to express concern over growing backlogs of maintenance and repair and observed that in spite of their concern, the Real Property Maintenance Account continues to be reduced. Congress has added funds for RPM every year, particularly by fencing funds in the Quality of Life Enhancements, Defense appropriation. House and Senate Appropriations Committees added \$77 million for these programs in the FY99 appropriation.





Soldiers of the 35th ADA on a brigade run at Fort Bliss, TX.  
- Photo by SGT David E. Gillespie

## DOD and Army Leadership

In FY99, the Army conducted another evaluation of the Installation Status Report Part III, Services (performance standards for installation base operations support services). This is the second year that data was collected from all installations. Program managers and functional proponents at all levels continue to refine the standards in order to accurately portray the state of MWR services on our installations.

In conjunction with ISR 3, the Army completed its second year of gathering Service Based Cost data. The SBC data show what it costs to deliver an ISR 3 service on an installation and what C-rating results. The Army's Cost and Economic Analysis Center is using the SBC data to develop a standard service cost (what providing an ISR 3 service to a certain C-rating should cost). Development of a predictive model to assist in resource allocation is the desired outcome.

## MWR Board of Directors

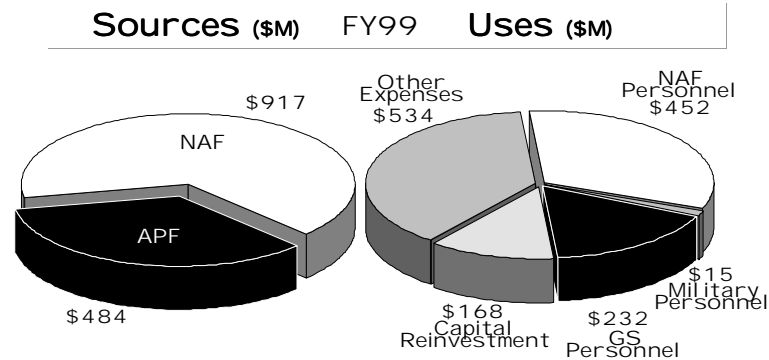
The MWR Board of Directors continued a strong leadership role in the management and operation of the Army's MWR programs. The BoD is composed of the Assistant Secretary of the Army (Manpower and Reserve Affairs); the four-star commanders of U.S. Forces Korea, U.S. Army Forces Command, U.S. Army Training and Doctrine Command, U.S. Army Materiel Command, and U.S. Army Europe and Seventh Army; the U.S. Army Pacific commander; and the Sergeant Major of the Army.

In FY99, the BoD approved the following managerial and operating initiatives:

- Deleted the Category A APF mission box standard. Beginning in FY00, department code "GN" (APF shortfall) will track unreimbursed NAF expended for APF authorized items.

- Revised the CDS standard to include all child development services (not just centers) and to measure NIBD (breakeven) and budget performance. Measurement by space ceases.
- Directed that MIS standards become effective in FY99 to measure fielding and utilization.
- Increased Golf and bowling NIBD standards to 15 percent in FY00, after which they increase one percentage point per year up to 21 percent by FY06; the food NIBD standard increases to 7 percent in FY00.
- Withdrew child and youth services, Army Community Service, fitness and sports, and Category C activities from A76 studies. The BOD directed the USACFSC to develop template installation MWR/ACS performance work statements and most efficient organization models.
- Approved development of MWR/ACS quality of life baseline standards in keeping with the CSA's goal of having predictable quality of life standards across the Army. After coordination with MACOMs and final BoD approval, a field assessment of the standards will be conducted in FY00.
- Rescinded a test merger of TDY and guesthouse facilities under "one roof" management and directed that MWR assume operational and financial management of all lodging at every MACOM and installation. A capital reinvestment plan approved by the October 1999 BoD will ensure minimum quality standards in Army Lodging facilities.
- Approved the FY00 NAF major construction program, consisting of an AMWRF expenditure of \$41.2M and installation contributions exceeding \$15M.
- Abrogated an AMWRF loan of \$15.9M made to the Walter Reed Army Medical Center that funded construction of the Mologne House.
- Approved an initiative to seek a private debt service to fund construction of a new AFRC-Europe and directed that the development plan be reviewed prior to contract award.

## MWR is Big Business \$1.4 Billion



NOTE: NAF is net of URD/USA funding, \$35.3M

Figure 1-1

## Financial Overview

### All Army MWR Operating Funds

Field operating MWR programs and NAFIs, the Army Recreation Machine Program, and the Army MWR Fund comprise Army MWR operating funds.

Collectively, \$1.4 billion in total APF and NAF funding supported FY99 operating and capital requirements worldwide. This represents a \$66M increase over FY98. Increases in APF support (\$49M) were reflected in Military Construction, Army and Operation and Maintenance, Army.

For NAF, revenue was up \$17M from FY98, primarily due to increases in ARM revenue and other operating revenue. The Army and Air Force Exchange Service payments to the Army in FY99 were slightly down from the FY98 distribution.

Figure 1-1 shows total funding support and uses for FY99. The ratio of APF to NAF support was 35 percent to 65 percent, respectively, with APF shares rising 2 percentage points compared to previous fiscal years due to increased FY99 MCA funding. Although personnel continues to constitute the major use of funds, at 50 percent of the total, it is down 4 percentage points, from FY98 — a positive change. After operating costs, \$168M was available for capital requirements — \$42M more than last year primarily due to \$31.9M in MCA projects approved for FY99. There were no MCA projects for FY98.

### DOD Funding Metrics

In November 1995, DOD published fiscal standards for MWR requiring that, regardless of category, 100 percent of authorized costs are funded with APF. Metrics to measure these standards allow for incidental program related resale operations that are not authorized APF. The metrics focus on the relationship of APF and NAF operating support for Category A (Mission Sustaining Programs) and Category B (Basic Community Support). They exclude costs of goods sold and depreciation. For Category A, the minimum standard is 85 percent APF and 15 percent NAF. For Category B, the minimum ratio is 65 percent APF and 35 percent NAF.

The Army supports these standards. MWR long-range fiscal planning is based on matching the right funding source with APF/NAF requirements, and the MWR BoD established tracking mechanisms to ensure proper execution. MWR is now in its fifth year of monitoring these standards. Figure 1-2 illustrates the results for FY99. Army MWR reported steady improvement: Category A APF held at 88 percent while Category B reflected a strong increase from FY98.

Army MWR Operating Funds DOD Fiscal Standards: Metrics						APF as Percentage of Total Expenses
	Army Actual					DoD Metric
	FY 95	FY 96	FY 97	FY 98	FY 99	Minimum
Category A	80%	85%	87%	88%	88%	85%
Category B	57%	62%	64%	61%	64%	65%

Figure 1-2





Boy Scout Jesse Rosenthal takes part in a retreat ceremony conducted by the 377th Trans. Co. at Grafenwoehr, Germany.  
- Photo by Paula J. Guzman

## Field Operating Funds

### Critical Indicators

The MWR BoD uses many tools to monitor MWR operating funds and evaluate the program's collective financial health. Two "critical indicators" are the cash-to-debt ratio of the collective funds and the relationship of the outstanding AMWRF loan to the Army Banking and Investment Fund with field NAFI cash. The BoD monitors Army performance to ensure financial plans are on track.

As of 30 September 1999, the Army's collective MWR operating cash to current field liabilities was 0.8:1, down from a 0.9:1 ratio reported in FY98 primarily due to larger payouts in FY99 for capital requirements. The AMWRF loan ratio to field cash deposits was 64 percent, up 4 points from 30 September 1998. While these indicators reflect a less healthy position, the BoD anticipated this condition and will closely monitor the critical FY00-01 periods to allow the Army to execute planned capital expenditures while maintaining solvent operations. Detailed financial information, including a summarized balance sheet and summarized income and expense report for the Army operating funds, is presented in the *Finance* section of this report.

### Direct Appropriated Fund Support

For FY99, the Army executed .L account and family program accounts at \$182.5M and \$192.8M, or 99 and 95 percent of allocations, respectively. Compared with FY98, these amounts were \$9M more in the .L account and \$4M more in the family program accounts. For the second year in a row, .L account execution was less than the funding levels. This is clear evidence of the difficult decisions local commanders faced to match scarce resources with priority requirements. Army Community Service, for the first time in recent history, overexecuted at 101 percent, Figure 1-3.

Execution by Management Decision Package  
Community/Morale Support Activities & Family Programs  
\$ Millions

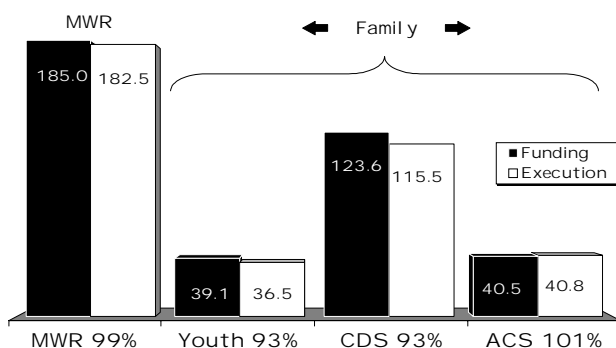


Figure 1-3

Field Operating NAFIs: Worldwide NIBD/Net Income  
FY 98/99 Budget vs. Actual  
\$ Millions

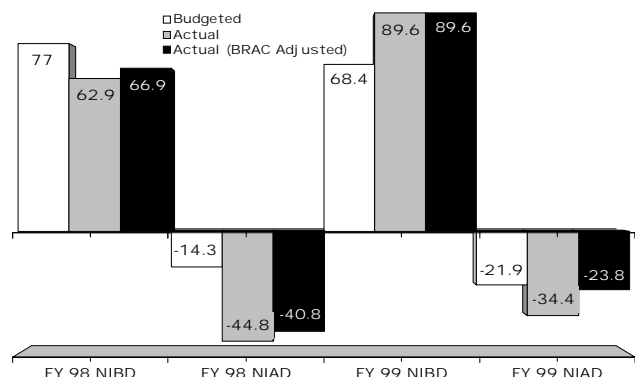


Figure 1-4

FY	MWR BOD NIBD Standard	\$ Actual NIBD (BRAC Adjusted)	% Total Revenue
1993	0 %	\$ 44.6 M	5.0 %
1994	0 %	\$ 42.9 M	5.1 %
1995	0 %	\$ 44.8 M	5.3 %
1996	5 %	\$ 65.1 M	7.8 %
1997	5 %	\$ 75.8 M	8.9 %
1998	7 %	\$ 66.9 M	8.3 %
1999	8 %	\$ 89.6 M	11.0 %

Note: NIBD expressed as a percent of total revenue.

Figure 1-5

MWR Program Functional NAF Operating Results		Adjusted for Base Closure			
		Army Average Data			
	\$ Millions	FY 96	FY 97	FY 98	FY 99
<b>Income Generators</b>					
Category C Programs		\$ 56.8	\$ 64.2	\$ 57.3	\$65.4
External Revenue		141.5	140.3	124.0	\$130.9
Subtotal		198.3	204.5	181.3	\$196.3
<b>Income Users</b>					
Category A Programs		-\$ 10.2	-\$ 9.4	-\$ 8.2	-\$5.2
Category B Programs		1.5	5.6	4.1	\$3.7
Overhead Expense		- 108.6	- 100.7	- 95.4	-\$90.0
Capital Reinvestment Assessment		- 15.9	- 24.0	- 14.9	-\$15.2
Subtotal		- 133.2	- 128.5	- 114.4	-\$106.7
NIBD*		\$ 65.1	\$ 76.0	\$66.9	\$89.6
% of TOTAL REVENUE		7.8%	8.9%	8.3%	11.0%

\* includes interprogram adjustments

Figure 1-6

## Nonappropriated Funds

Fiscal Year 1999 was the most successful financial year in recent history for field operating NAFIs. Net income before depreciation was \$89.6M, a \$22.7M (34 percent) increase over FY98. The financial results for individual MACOMs were uniformly solid. For the first time, every MACOM was profitable.

Figure 1-4 reflects FY99 field efforts to prevent "de-capitalization" of MWR programs. De-capitalization occurs when NIBD is less than the depreciation for capital assets. For FY99, net income after depreciation reflected a \$10.4M improvement over FY98.

Figure 1-5 illustrates the Army's tremendous achievement in exceeding fiscal standards established by the MWR BoD. For the fourth year in a row, NIBD exceeded the Board's standard.

Figure 1-6 reflects NAF functional operating results. Category A programs continue to reduce their demand for a NAF subsidy, reflecting a \$3M lower requirement than needed for FY98. Category B programs continue to reflect positive cash generated from operations. Category C reflected a strong rebound from FY98, generating \$65.4M, a 14 percent increase.

The primary sources of nonoperating revenue for FY99 collectively reflect an improvement over the previous year (Figure 1-7). Army and Air Force Exchange Service dividends to local commanders and ARM profit distributions exceeded FY98 results.

Figure 1-8 illustrates the BoD's aggressive implementation of fiscal standards. Remarkably, installations continue to exceed these standards.

## NonOperating Revenue

\$ Millions

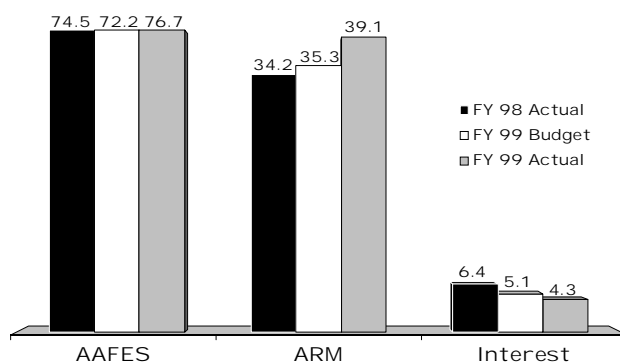


Figure 1-7

FY	NIBD Standard	Capital Reinvestment Assessment	Cash Generation Standard	Actual Cash Generated
	As % of Total Revenue	As % of Total Revenue	(NIBD + CRA)	%
1993	-	-	-	5.0 %
1994	-	-	-	5.1 %
1995	-	-	5 %	5.3 %
1996	5 %	2 %	7 %	9.8 %
1997	5 %	3 %	8 %	11.9 %
1998	7 %	2 %	9 %	10.2 %
1999	8 %	2 %	10 %	12.8 %

Figure 1-8

## Initiatives

### Business Programs

The financial posture of business programs continues on a positive trend thanks to concerted efforts at facility and installation levels to meet financial and service objectives. The financial results at Figure 1.9 reflect positive NIBD performance in each category of operations: food programs achieved a 7.9 percent NIBD, exceeding the MWR BoD standard of 6 percent; clubs maintained a 5.3 percent NIBD; bowling achieved 13.8 percent NIBD; and golf reported 15.5 percent. The FY00 NIBD standards, as set by the MWR BoD, are 7 percent for food and 15 percent for bowling and golf, respectively.

The letter of instruction and nominations procedures for the Excellence in Management Awards, including the James A. Carroll, Jr. Award, were revised to encourage more participation in this prestigious program. The awards recognize outstanding managerial skills and leadership at the facility level. The 1999 winners (Figure 1-10) achieved the highest service and operations standards.

The MWR BoD approved central funding of site licenses for the CIAO! Cache Box Point of Sales System for Army clubs, providing a significant incentive for installations to replace aging systems.

A food, beverage, and entertainment site, "Eagles Landing," was added to the web-based Fort Excellence to guide commanders and managers through the process of developing and implementing quality installation FB&E programs and activities. The site contains information on the assessment process, a complete facility business plan, and other valuable sections about FB&E operations.

## Business Programs NIBD

\$ Millions

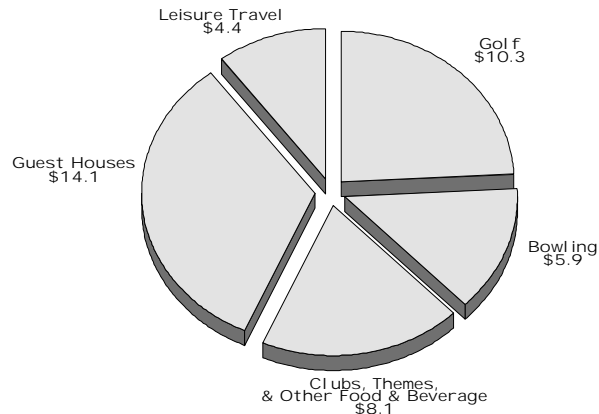


Figure 1-9

A much needed interface between the RecTrac! point of sale system and the Brunswick and AMF scoring system was developed, tested, and released for use at bowling centers. This interface will simplify management reports and provide consolidated MIS information.

The first Army-wide golf special event, "The Shot of the Century," was held at 50 installations. Designed as a customer appreciation day and to generate interest in golf, event participants vied for a once-in-a-lifetime 165-yard shot at a hole-in-one. A grand prize of \$20,000 was available at each site. One golfer, a retiree from Fort Gordon, GA, was the lucky winner.

The Army's branded theme restaurants changed the face of food and beverage service on installations and improved program profitability. The Army now has 32 theme restaurants open around the world, from Reggie's Beverage Company at Camp Casey, Korea, to Reggie's Express at the Armed Forces Recreation Center's Chiemsee Lake Hotel. Three quick-service restaurants opened at Fort Hood, Walter Reed, and Fort Campbell under a partnering agreement with Orion Food Systems. The FY99 revenue for theme concepts was \$9.9M, with an NIBD of \$293K. The NIBD was lower than in past years due to expenses associated with opening 16 units in twelve months. Projections for FY00 show the program rebounding at an overall 8.5 percent NIBD.

The Joint Services Prime Vendor Program completed the third year of second generation contracts. Program purchases for FY99 totaled \$73.4M — an increase of 12.4 percent over FY98. Installations saved \$10.1M in FY99, or \$52.3M over the life of the program. The manufacturer allowance/rebate program continued to expand, netting \$418.7K in savings for participants in FY99 and \$1.1M over the life of the program. A contract was awarded for Army, Navy, and Marine Corps customers in Hawaii, as well as for the Hale Koa Hotel.

Telephone service income was \$14.0M in FY99, a significant increase over FY98, indicating contractual changes early in the year. The new contract with MCI pays a larger percentage in key areas: pay phones, military collect, residential international, calling cards, voice mail, teleconferencing, and internet access.

Excellence in Management Awards 1999 Winners		
<b>Golf</b>		
Fort Lee, VA	Henry J. Franklin	
Fort Stewart, GA	Tommie McArthur	
<b>Bowling</b>		
Fort Benning, GA	Jimmie C. Cantrell	
Fort Lee, VA	Lucretia D. Nickelson	
Carlisle Barracks, PA	David L. Stine	
<b>Leisure Travel</b>		
Carlisle Barracks, PA	Thomas E. Clement	
<b>Recycling</b>		
Fort Jackson, SC	Richard L. Lucas, Sr.	
Richmond, VA	Larry S. Mitchell	
<b>Clubs (James A. Carroll, Jr. Award)</b>		
Fort Myer, VA	P. S. (Shotti) Kawlra	
Fort Knox, KY	John Burgess	
Fort Jackson, SC	Gary M. Jones	
Fort Hood, TX	Ruth M. Jackson	
<b>Food, Beverage, and Entertainment</b>		
411th BSB, GE	Reid T. Hannula	
Fort Hood, TX	Richard M. Shuman	
Fort Bliss, TX	Wanda J. Marlow	

Figure 1-10

## Family Programs

The first major HQDA Army Family Action Plan Conference in more than two years met in November 1999, marking the return to annual HQDA AFAP forums for this 16-year old program. Major conferences will alternate with smaller, mini-conferences each autumn. This planning and training conference featured 125 MACOM delegates representing the demographic components of the Army. They evaluated 126 issues from installation forums, prioritized 27 for entry into the AFAP, and voted on their top 5 new issues and their top 6 active issues (Figure 1-11). Field issues focused on medical, dental and force support concerns, such as processing time for financial documents, uniforms, and soldier education.

Army Community Service efforts focused on developing baseline standards, an accreditation process for ACS centers, and a workload study. These initiatives will be the foundation for consistent quality across the Army, while supporting command flexibility to meet local needs. The Army published the long-awaited revision of AR 608-1, Army Community Service, during FY99. The rewrite defines core services, service standards, oversight responsibilities, and management and measurement strategies.

In FY99, 85 percent of Army installations operated in a Child and Youth Services configuration. Consolidating programs into a single management structure creates a seamless delivery system for parents of children 4 weeks to 18 years of age and provides cost and program efficiencies. By leveraging facility, staff, and funding resources, eliminating duplicate and competitive programs and services, and increasing choices for parents and youth, Army CYS is becoming a "most efficient organization." The Army's goal is to have 100 percent of installations in a CYS configuration in FY00.



SSG Tracy Vaulx and son at Fort Leonard Wood, MO.  
- Photo by Michael N. Curtis

### HQDA Army Family Action Plan Conference

New Issues	
O	Basic Allowance for Housing Appropriation and Data Collection
P	Graduation Requirements for Transitioning High School Family Members TRICARE Vision Plan
5	Education Transition Assistance for K-12 Military Family Members Standards and Funding for AFAP and AFTB
Active Issues	
O	Military Pay Diminished by Inflation
P	Military Savings Plan
	Funding for Construction and Revitalization of Army Family Housing
6	Lack of Choice in Family Member Dental Plan
	Medical Care at Remote Locations
	Continued Army Funding of ACAP

Figure 1-11

One hundred percent of Army Child Development Services Programs are DOD certified. The National Academy of Early Childhood Programs has accredited 93 percent of Army Child Development Centers. In the same way that military child care has been recognized as a "model for the Nation," programs aimed at our youth population have the same objective. The CSA directed expansion of middle school/teen youth programs in FY99 and the out-years and programmed \$12.8M to meet the requirement. Installations used the funds for NAF staff to supervise programs during parental duty hours for 11-15 year olds who are too old for child care and too young to drive or have a job.

The April 1997 "President's Summit for America's Future," chaired by GEN Colin Powell (Retired), challenged Americans to increase commitments to citizen service and volunteerism. The Army's Promise Passport program provides such opportunities for young people to serve the community and develop leadership skills. More than 25,000 youth participated in FY99, contributing 219,659 volunteer hours. Such partnerships improve CYS programming. Installation affiliate memberships with the Boys and Girls Clubs of America and the Army's agreement with the U.S. Department of Agriculture Extension Services (4-H) established a framework for providing positive youth development programs.

The development of baseline standards in FY99 will help CYS program operations focus on quality, availability, and affordability. A more dynamic and efficient level of child and youth programming will result from implementation of these standards.





The Army MWR Fitness and Sports Steering Committee.  
- Photo courtesy of a kind waitress at Fort Story

## Recreation Programs

For the second consecutive year, installation recreation professionals and programs were formally recognized for outstanding service and support (Figure 1-12). The annual Recreation Awards recognize some of the most creative, innovative minds and programs in recreation. These individuals and installations focus on finding what the market wants, planning quality programs and services to meet those interests, and providing them in the most suitable place.

Implementation of the Recreation Delivery System began in earnest in FY99, with AMC and FORSCOM taking the lead. In conjunction with RDS implementation, Army community recreation personnel developed standards for accreditation of all community recreation programs by the Commission for Accreditation of Park and Recreation Agencies. Additional baseline standards for personnel, training, programming, equipment, and facilities will ensure standard levels of service throughout the Army.

During 1999, fitness initiatives hit the radar screen of senior leadership and installation program managers alike. Senior leaders at DOD and DA led the way in establishing Army standards in staffing, training, equipment, facilities, and programming. The MWR BoD will monitor these standards for the Army. Other initiatives include the establishment of a centralized equipment procurement program, centralized funding of fitness certification training for 100 MACOM and

installation personnel, prioritization of fitness centers in the MCA program, modernization of standardized fitness center facility designs, and establishment of a fitness and sports steering committee made up of MACOM and installation representation. These initiatives increased interest and awareness of the fitness programs.

Several arts and crafts initiatives are underway across the Army. Based on observation, focus group comments, and the spring 1999 Sample Survey of Military Personnel, the USACFSC bulk-purchased manuals recommended by the Professional Picture Framers' Association for certification. During technical training held in conjunction with the annual PPFA trade show in Atlanta, attendees had the opportunity to work toward PPFA certification. Work began at Fort Riley to develop a model site for a "branded" approach to picture framing. The Army will use this location to conduct technical training during the fourth quarter in FY00.

Three new automotive skills centers opened at Fort Benning (42-bay shop), Vicenza, Italy (8-bay shop), and Mannheim, Germany (10-bay shop with car wash). New construction began on a strip yard and car wash at Kitzingen, Germany, a 6-bay shop with car wash at Dexhiem, Germany, and an upgrade to the 42-bay shop and car wash at Fort Riley, Kansas. Automotive training for 30 shop personnel at Darmstadt, Germany, covered how to use a CD-based technical reference system and how to safely handle air bags. Each attendee was certified for the ALLDATA CD System, while Professional Automotive Career Training of Cleveland, Ohio, certified attendees in proper handling of SRS (supplemental restraint system) air bags.

The Better Opportunities for Single Soldiers program uses the recreation delivery system to build programs in support of overall well-being for single and unaccompanied soldiers. Soldier morale and retention is higher at installations having an active BOSS program. The 1999 Army-wide BOSS conference demonstrated how the program has evolved in 10 years from a recreational activity to an all-encompassing soldier program. In FY99, BOSS program improvements included a revision of the *BOSS News and Views* newsletter to better highlight installation BOSS programs, a successful Commissary Awareness Program at 31 installations, and final drafting of a program desk reference.

1998 - 1999 Recreation Awards	
<b>Outstanding Programs</b>	
Arts & Crafts	Hanau, Germany
Automotive Crafts	Kaiserslautern, Germany
Library	US Army Garrison, Hawaii
Outdoor Recreation	Fort Carson, Colorado
Sports	Heidelberg, Germany
<b>Volunteer of the Year</b>	
Loretta Olson	Ft. Lewis, WA
<b>Recreation Programmer</b>	
Tom Hlavacek	Hohenfels, Germany
<b>Recreation Career Award</b>	
Tom Bullard	FORSCOM HQ
<b>Installation over 1000</b>	
Fort Monmouth, NJ	
<b>Installation over 5000</b>	
Fort Lewis, WA	

Figure 1-12

In February, DOD issued a policy memorandum with minimum standards for MWR libraries. These standards, developed through a joint effort of the military services and with the assistance of the American Library Association and academia, describe a level of service and quality of programs comparable with those in civilian community libraries. The DOD also issued an MWR library strategic plan to ensure that the program continues to meet the future needs of the military community. In addition to DOD standards, Army MWR developed baseline standards to determine requirements for staffs, materials, and automation. A prototype library performance work statement for potential A76 reviews was prepared and posted on the MWR web site. Although central procurement funding for library materials decreased, paperback book support for isolated soldier units stationed around the globe continued. Soldiers in the Balkans received more than 45,100 paperback books in FY99. The 1999 Army Library Institute offered participants a variety of training opportunities, including strategic planning, copyright and electronic issues, distance learning, and librarian competencies for the 21st century.

Newly developed program standards, partnering possibilities, and frontline training were important issues for outdoor recreation programs in FY99. The USACFSC supplemented traditional outdoor recreation programming with a separate recreational lodging program, along with appropriate financial standards. Initial program successes included focus groups in Alaska (to determine customer usage patterns, needs, and interests) and the development of RecTrac! transaction codes to improve financial management and reporting processes. An outdoor recreation working group developed an action plan for FY00 calling for the formation of an Outdoor Recreation Steering Committee and a data call to determine what exists within the program at installation and MACOM levels.

The United States sent 312 athletes and staff (123 US Army) to the 2d Military World Games in Zagreb, Croatia. The Armed Forces team finished seventh against 81 other countries with a total medal count of 11 gold (3 Army), 10 silver (4 Army) and 9 bronze (2 Army) medals. Individual US Army gold medalists were: SFC Cheryl Stearns, US Army Parachute Team, Fort Bragg, NC, who won gold medals in parachuting accuracy and individual overall; SGT Tony Bassham, US Army Marksmanship Unit, Fort Benning, GA, who won a gold medal in the 300m standard rifle and 300m rapid fire rifle; 1LT Sabrina Cayton, World Class Athlete Program, Fort Carson, CO, won a gold medal, along with 1LT Amy McCoy, US Air Force, in women's pair rowing.

Ten members of the World Class Athlete Program represented the US in the Pan American Games in Winnipeg, Canada. The WCAP fielded 3 wrestlers, 1 boxer, 1 pentathlete, 2 in team handball, and 3 in track and field. Medalists were: SPC Dominic Black, gold medal in freestyle wrestling (97kg); SPC Dremiel Byers, silver medal in Greco-Roman wrestling (130kg); SPC Dan Steele, silver medal in decathlon; SPC Brett Wetherbee, silver medal in modern pentathlon; and SPC Glenn Nieradka, bronze medal in Greco-Roman wrestling (63kg).

## Hospitality Programs

Negotiations to proceed with a new hotel at AFRC-Europe were a major focus in FY99. The full-service 340-guestroom concept was downscaled from the original 450-room design terminated in 1990 due to rising construction costs and the uncertainty of U.S. Armed Forces' end-strength in Europe. A new hotel will increase AFRC-Europe's operational efficiency by consolidating three existing hotels and restaurants into one modern facility. The MWR BoD approved the exploration of a public/private venture to fund and construct the hotel. The Assistant Secretary of the Army (Manpower and Reserve Affairs) visited Garmisch in August and was briefed on the plan. Negotiations with local and Federal levels of the German government indicate support. The estimated construction cost is \$60M to \$70M.

Soldier programs at AFRC-Europe receive high levels of participation. For \$169 per person, patrons receive luxury bus transportation from home stations to AFRC-Europe, three nights of lodging, meals, and two days of seasonal recreation activities (such as skiing, windsurfing, and tours). Programs are available to soldiers and their family members and are very popular among units returning from deployments. The 15 new vacation cabins constructed at AFRC-Europe's Garmisch campground received outstanding comments from vacationing service members. Cabins sleep up to six people and were constructed in deluxe and rustic versions; both are insulated, heated, and rent throughout the year.

Training was a major focus at AFRC-Europe in FY99. The staffs of the General Patton, General Von Steuben, and Chiemsee Hotels were awarded the Bronze Award for training excellence by the American Hotel and Motel Association. In FY99, 98 percent of guest comment cards stated that service provided by the AFRC-Europe staff met or exceeded expectations — a 10 percent increase from FY98.

The Shades of Green® celebrated its 5<sup>th</sup> year of operation in February 1999, and continues to enjoy near 100 percent occupancy. In addition to maintaining high occupancy, the 287-room resort documented an unaccommodated demand of 140,000 room nights for approximately 400,000 guests since opening. No other hotel property in the world has bookings for 83 percent of available rooms one year in



Soldiers deployed to Bosnia can still have some "downtime" fun.

- Photo by Mr. Michael Wolske



advance. In June 1999, the Shades of Green® resort received its millionth guest. SGT Les Chamness (Fort Gordon, GA), with his wife and two children, received a complimentary return visit to the resort for 4-night's accommodation and 3-day WALT DISNEY WORLD® Resort passes.

Shades of Green® capital improvements in FY99 included the complete renovation of all guestrooms, hallways, and public areas as well as the Garden Gallery restaurant, Back Porch Lounge, and Evergreens Sports Bar and Grill.

In FY99, the Shades of Green® was awarded the Reedy Creek Energy Services third-party WALT DISNEY WORLD® resort Energy Efficiency Award for the second straight year. The facility had the lowest energy consumption for the entire year.

Hawaii's tourism industry faced its worst year in the last decade, but the 817-guestroom Hale Koa Hotel maintained an occupancy rate of 96.6 percent by emphasizing value, product quality, and superior guest service. All ranks are served equally and with price sensitivity. Occupancy by rank shows that 24 percent of guests are E-1 through E-5, and 30 percent are E-6 through E-9. A \$3.5M renovation to the new Maile Tower was completed in FY99, fixing mildew problems caused by improperly constructed and designed air conditioning and ventilation systems. The responsible contractors have reimbursed the Army. The renovation resulted in more than 15,000 out-of-service room nights and a loss of \$1.5M in potential room revenue. Aided by a successful food and beverage program, the hotel managed to achieve a 1.6 percent increase in total revenue from FY98 and finish the year ahead of budget.

The 299-room Dragon Hill Lodge, with an occupancy rate of 98.3 percent, celebrated its ninth year of operation by recognizing its millionth guest. The Dragon Hill Lodge enjoyed a successful recovery through the Asian economic crisis primarily by reinventing the way it does business. By reducing and managing operating costs, pinpointing and addressing customer and employee needs, and reengineering the general workforce, management has created a "healthier" Dragon Hill Lodge for the 21<sup>st</sup> century.

The Army Recreation Machine Program ceased operations in Panama in FY99 (revenues of \$1.3M) as the U.S. military returned facilities to the host nation. The partnership with the Marine Corps in Okinawa, however, was renewed, and revenues increased to \$13.4M (up 9.6 percent from FY98). Partnerships with the Navy and AAFES continue to increase revenues. The decline of ARMP revenues in Germany slowed in FY99, and new initiatives to improve slot rooms show promise for future revenues. A proposal to partner theme food and beverage services with new gaming rooms and slot and amusement machines also shows great promise. Fleet enhancements to current machines, such as stepper motor (spinning reels) upgrades to new progressive and 10-coin games, also boosted play. New bar-top touch-screen machines in some locations taps a new market. Centralized amusement machine buys, increased game rotation rates, and better marketing strategies improved machine productivity throughout operations. The ARMP added new AAFES partner locations in Korea, Fort Stewart, and Vicenza, Italy, and expanded support to Fort Leonard Wood and the Marine Corps at Barstow, CA. The program also continues to support the Bosnian theater with amusement machines.



Armed Forces Recreation Center - Europe.  
- Photo by Michael Wolske

## Guest Houses

In FY99, Army lodging initiatives aimed to improve operational efficiencies and customer satisfaction. The MWR BoD approved an Army lodging "wellness plan" for implementation in FY00. The plan ensures that Army lodging facilities will meet minimum quality standards as outlined in Army lodging standards for service, operations, and facilities. A major investment in acquisition and deployment of a commercial property management system in FY99 will improve the efficiency of reservations, registration assistance, and management's access to statistical data. Another initiative harnessed the combined volume of Army lodging purchases as leverage in securing consolidated contracts for various items. In FY99, Army lodging secured consolidated contracts for bed and bath linens and paper products. Other room amenities, such as soap and shampoo, are being reviewed for purchase options. Army lodging is also considering a standard in-room telephone system for all lodging activities.

## Army Marksmanship Unit

The United States Army Marksmanship Unit, assigned to the USACFSC since March 1995, was transferred in June 1999 to the U.S. Army Recruiting Command. The AMU is located at Fort Benning, Georgia.

## Commercial Enterprises

The Asset Management/Privatization Office merged with the Commercial Sponsorship Office into a Commercial Enterprises Office. This combination will capitalize on the Army's relations with private and public activities. The office will partner with the commercial sector to augment the traditional delivery of morale, welfare, and recreation facilities and services while generating income for installation MWR funds for soldiers and families.

## Asset Management

The public-private ventures program is the Army's alternate means of delivering MWR facilities and services. Its hallmark feature is to secure private sector expertise to deliver soldier and family activities while decreasing the burden on Army funds.

The Army's first PPV project, a car wash at Fort Carson, CO, opened 18 August 1999. This successful project yielded a capital cost avoidance of \$850K to the Army and contributed \$3,200 to the IMWRF after the first forty-five days in operation. The USACFSC PPV office awarded guest house projects for Fort Irwin, Fort Bragg, and Hunter Army Airfield in FY99. Construction will begin in CY2000, representing a capital cost avoidance of \$31M. The PPV office submitted three additional projects for private industry comment via a request for proposal, but the projects were not deemed viable based upon industry feedback. At the end of FY99, 26 projects were in development with a potential NAF capital cost avoidance of \$138M. Eight lodging projects (representing \$55M in capital investment avoidance) were put on hold pending the outcome of the lodging PAT and an analysis of Army worldwide lodging.

Asset Management worked several initiatives in FY99. Congressional support letters are now required in a PPV submission packet. Installations must notify their local congressional delegate and obtain a letter ensuring that he/she is aware of and supports any project proposed in their district. Such support will provide more favorable treatment of projects by congress and prevent delays. Another effort reviewed the potential for developing PPV projects overseas. Due to SOFA restrictions and foreign government rules, the Army is unable to lease property that isn't fully owned by the U.S. Government.

### Corporate Sponsorship and Advertising

The Corporate Sponsorship and Advertising program generated over \$8.8M Army-wide in cash, goods, and services to help offset the cost of bringing well-being and morale enhancing events and programs to soldiers and their families. Forts Jackson, Sill, and Hood were the top three revenue generating installations in FY99.

In FY99, the program generated \$874,400 in cash, the highest amount in the history of corporate sponsorship and advertising. The program secured the support of many corporate partners; in order of financial commitment, the top 15 partners were: USPA & IRA, Miller Brewing Company, Chrysler, Gillette, AT&T, Visa, Pepsi, Anheuser-Busch, Pioneer Lending, Coca-Cola, Jafra Cosmetics International, First Bank, Enterprise Rental, Shore Lines, and New Balance. Sponsorship supported many programs in FY99, including the Dog Days of Summer concert series, the US Army Soldier Show, a BOSS conference and commissary awareness campaign, theme restaurant grand openings, the Battle of Bands, and the World Class Athlete Program. Two new events, "The Shot of the Century" and "The Dodge Neon Test Drive for Youth Sports," were huge successes in their inaugural year.

Program improvements focused on the development of a worldwide directory of sponsorship opportunities for distribution to potential clients interested in local and regional events. This "sourcebook" will include each installation's top three events and their respective contacts. Elsewhere, a process action team composed of MACOM representatives was assembled to assess accounting procedures and make recommendations on program improvements.



The Army's first public-private venture, the Mountain Car Wash, at Fort Carson, CO.  
- Photo by Charlie Schneider

### Construction

During FY99, 25 major construction projects valued at \$93M were delivered for the Army's MWR program. The Interior and Food Service Design office completed 41 NAFMC and capital purchase and minor construction design projects valued at \$33.5M, and conducted 32 assessment visits to determine preliminary costs for theme concepts. Projects completed in FY99 included Reggie's at Fort Irwin and Fort McPherson, Stars Lounge at Fort Dix, Mulligan's at Forts Dix and McPherson, Fisher House at Fort Sam Houston, and Sports USA at Fort Bragg. In a joint service initiative, the Army also executed 20 MWR projects for the Navy valued at \$50M, two MWR projects for the Marine Corps valued at \$12M, and two projects for the Navy Exchange and Commissary valued at \$7M. The USACFSC supports the Marine Corps and Navy with their NAF construction needs on a space available, reimbursable basis.

Congress approved 18 NAFMC projects with a total value of \$60.6M for the FY00 program.

### Contracting

Army NAF contracting continues to develop "First Choice" standards of excellence for the acquisition process. In FY99, the Army:

- Awarded 15 NAFMC contracts valued at \$26.3M and 22 architect-engineering task orders valued at \$2.1M for projects such as theme restaurants, lodges, travel camps, automotive centers, and club and golf course renovations.
- Awarded \$11.0M in major contracts, calls on blanket purchase agreements, and purchasing card and small purchases, and administered 64 major contracts, valued at over \$65M, for supplies, services, and information technology.
- Expanded the Lodging Success Program to 35 full-service and extended stay hotels. Contracts are in place for the national capital region; San Antonio, TX; Atlanta, GA; Newport News/Hampton, VA; Miami, FL; San Juan, Puerto Rico; and Boston, MA. This program saves the Army more than \$8M a year in travel expenses with rates below the Joint Federal Travel Regulation per diem rates.
- Administered the Army-wide International Merchants Purchase Authorization Card program. More than 12,072 I.M.P.A.C. cardholders purchased \$74M in supplies and services in CY99.



Soldiers of the 1st Bn., 29th Inf. Regt., in the 1999 Pioneer Challenge at Fort Benning, GA.  
- Photo by PFC Mitch Frazier

- Continued Army-wide fielding of the Standard NAF Automated Contracting System, an integrated system to automate procurements from purchase request through contract award and closeout. SNACS also collects trend data with which to project future requirements. A module for I.M.P.A.C. purchases is included, as are plans for internet electronic commerce.
- Awarded a \$40M contract to Aetna US Healthcare to provide third party administrative services to the DOD Uniform NAF Health Benefits Program for DOD NAF employees worldwide.
- Awarded a public-private venture car wash contract at Fort Carson, the first contract awarded under the asset management and privatization program, and three additional PPV contracts for guest houses at Forts Bragg, Irwin and Hunter Army Airfield.

## Human Resources

The Human Resources Directorate continued to recruit, place, train, and maintain the Career Field 51 (MWR) workforce. Highlights for the year included the following:

- The USACFSC assists commanders in filling MWR positions, both APF and NAF, at grades GS-9 and above and NF-4 and above. Referral lists are issued for MWR position vacancies in CONUS commands and, upon request, overseas commands. For FY99, 485 referral lists were issued, a 15 percent increase in referral activity from FY98. At year's end, a new automated referral system was installed but it is not yet operational.
- Six trainees were recruited into the NAF management trainee program: three in outdoor recreation, one in child and youth services, one in marketing, and one in personnel management.
- The MWR Academy trained 2,016 Army, Marine, Navy, Air Force, Army Reserve, Army National Guard, and Air Force Reserve students in FY99.
- Development continued on the Career Management and Staffing Program initiative. An independent consultant will review details of the proposed program before presentation to the MWR Executive Committee.

## Information Management

FY99 was a busy year in the implementation and fielding of the MWR Management Information System. By the close of the year, program professionals had:

- Developed version 2.0 of the Financial Management and Budget System.
- Fielded an enhanced Windows version of the Time Labor Management System, including year 2000 compliancy.
- Released version V2 of the Recreational Tracking System, with installation completed at Forts Monmouth and Buchanan. More than 1500 RecTrac! users were trained in FY99.
- Fielded the Golf Tracking System to 62 worldwide locations, providing golf course program management and a point-of-sale system for fees and retail operations.
- Continued improvement of the Child Development Services Automated Management System. Version 2.4 will be upgraded to a Y2K compliant version in early FY00. Version 3.0 development was stopped. The Child and Youth Management System, a RecTrac! module, is scheduled for release in the spring of 2000.
- Enhanced the Standard Management Information Reports for Finance to a Windows version. Army-wide fielding of SMIRF is complete.
- Completed testing on the internet-based requisition module of the Standard NAF Automated Contracting System.

## Strategic Planning and Policy

Army Regulation 215-1, *Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalities*, dated 25 October 1998, was distributed to the field. It is available through normal publication channels, and an electronic version can be accessed through the Army MWR web site or through the US Army Publishing Agency web site.

Assessments conducted on all MWR and ACS functions determined the amount of risk imposed on these programs under A76 study/competition. Data collection and analysis showed that CYS, ACS, Army TDY lodging, and sports and fitness were at the greatest risk if they were allowed to continue to be studied and competed under A76. There was no requirement to study Category C activities. Results of the study were presented to the MWR BoD, which recommended that CYS, ACS, fitness and sports, Army TDY lodging, and all Category C programs be exempted from A76 competition. This recommendation was endorsed by the Chief of Staff, Army and approved by the Army Secretariat, after which implementing guidance was developed and distributed to the field. For MWR programs still subject to competition under A76, comprehensive performance work statements were developed and posted to the MWR web page for installation use.

Consistent with the CSA's goal of establishing predictability across the Army, BG(P) Whelden pledged at the February 1999 MWR BoD to develop meaningful baseline operating standards and mission box standards for key Category A and B MWR/ACS programs: Fitness and Sports, Installation AFAP Conference, Child and Youth Services, Army Community Service, Recreation, and Libraries. The USACFSC conducted a program by program review to develop the standards; multiple coordination sessions included two meetings at TRADOC and one at FORSCOM. After detailed review by



the MWR Working Group and Executive Committee, the BoD approved the standards and directed that the first Army-wide assessment be briefed to them in February 2000.

Baseline operating standards establish minimum levels of support for MWR/ACS programs so that soldiers and family members can expect predictable services across the Army. Such standards will provide an effective, logical means to articulate resource requirements by defining a level of "sensible adequacy" in staffing, availability, facilities, and equipment, and identifying the cost to perform to that level. The development of baseline standards ran concurrently with similar initiatives for BASOPS at FORSCOM, TRADOC, and at HQDA ACSIM.

Mission box standards summarize critical elements within baseline operating standards for presentation to senior Army leadership, providing "at a glance" measures of program performance. Mission box standards are important management decision and planning tools and are consistent with Installation Status Report III standards for MWR/ACS.

DOD approved expanded patronage of MWR activities to exchange students, foster children, and *au pairs*. These patrons must reside with authorized MWR beneficiaries who are their sponsors. Access does not include child care centers or post exchanges. Identification of foster children, exchange students, and *au pairs* is by a locally developed card or by a commander-issued limited duration letter of access. The next revisions of AR 215-1 and DODI 1015.10 will reflect these changes.

The Department of Defense staffed Instruction 1010.15 with the services in FY99. The Instruction implements the 1997 Executive Order 13058, "Protecting Federal Employees and the Public from Exposure to Tobacco Smoke in the Federal Workplace," and requires that where smoking is permitted in the workplace, it will be only in designated areas which are enclosed and exhausted directly to the outside, located away from air intakes, and maintained under negative pressure. Under provisions of the DODI, employers will not require employees to enter such areas during normal business hours while tobacco smoke is present. Most defense agencies have already complied with the Executive Order by requiring smokers to leave the building to smoke. For MWR, however, the impact is much greater — commanders and installations must determine the impact of the policy on their clubs, bowling centers, and other adult leisure activities. The Army expects policy and implementing timelines in early 2000.

Active Army Family Demographics	Sep 98	Sep 99	
Family Units	289,346	285,782	
Family Member Distribution	85 % 15 %	86 % 14 %	CONUS OCONUS
% Married	76 % 59 % 62 %	76 % 58 % 61 %	Officer Enlisted Total
Dual Military	5,238 23,015	5,661 25,253	Officer Enlisted
Single Parents	1,649 18,486	1,785 18,890	Officer Enlisted
Family Members	253,421 463,091 3,907 720,419	249,754 462,803 4,634 717,191	Spouses Children/Youth Parents/Other Total
Working Spouses	55 %	55 %	

Figure 1-13

The demographics of the Army's soldiers and family members (Figure 1-13) continue to reflect an increasingly CONUS-based force.

Army-wide survey data from Sample Surveys of Military Personnel, and information from 1998 focus groups from five Army installations present a positive picture of MWR programs. Overall satisfaction with MWR programs remains high when compared to other well-being areas such as basic pay, job security, and retirement benefits. Enlisted satisfaction, however, declined significantly (four percentage points or more) from the spring to the fall of 1998, with availability and quality of recreation services and availability of Army family and child care programs. For officers, availability of Army family programs was the only MWR item with a four percentage point decline. Downward trends from three or more recent surveys were noted in several areas for enlisted (youth services availability and recreation services quality) and officers (youth services). Program proponents are attempting to determine what caused the downward trends. Sharp declines in soldier satisfaction with major well-being areas such as pay and retirement benefits may have negatively influenced soldier satisfaction with MWR and with the overall quality of Army life. Despite the declines, both officer and enlisted satisfaction with all six items on MWR were in the top half of the 56 measured (Figure 1-14).

Officers Fall 1998 SSMP			Enlisted Fall 1998 SSMP		
Most Satisfied		%	Most Satisfied		%
1	Commissary	81.3	1	Commissary	78.6
2	Amount of respect from superiors	78.4	2	Post Exchange (PX)	71.7
3	Assignment to leadership jobs	78.0	3	Youth services	71.4
4	Quality of recreational services	77.4	4	Geographic location of jobs	68.3
5	Level of competence of supervisors	76.2	5	Quality of recreational services	68.1 *
6	Availability of recreational services	75.8	6	Availability of recreational services	67.5 *
7	Geographic location of jobs	75.8	7	Job security	67.2
8	Youth services	75.4	8	Quality of military dental care	66.4
9	Overseas duty	74.8	14	Availability of Army family programs	63.2 *
10	Fairness of married vs. single pay	74.0	15	Quality of Army family programs	62.0
11	Level of job fulfillment/challenge	73.5	27	Army child care programs	54.4 *
18	Availability of Army family progs	70.3 *			
19	Quality of Army family programs	69.8			
28	Army child care programs	63.5			

\* MWR items that dropped four percentage points or more between Spring '98 and Fall '98 SSMP

Figure 1-14



Soldiers in an Infantry Training Brigade at Fort Benning, GA.  
- Photo by PFC Mitch Frazier

Fall 1998 SSMP data on AFRCs shows that 45 percent of officers and 29 percent of enlisted personnel visited AFRCs in the last 36 months. When comparing the quality and price of AFRC facilities to comparable commercial recreation centers, 69 percent of officer and 61 percent of enlisted personnel regarded AFRCs as a better value. Also, 45 percent of all soldiers reported using Army lodging facilities in the last year. When on leisure (vacation) travel, 80 percent of all soldiers report they are likely to seek lodging in a hotel or motel instead of alternatives (friends and family, camping, etc.), and 52 percent of these respondents would more likely use Army lodging than civilian facilities due to cost (74 percent), location (44 percent), and facility conditions (39 percent).

Families of deployed soldiers rely on family assistance centers for critical information and assistance during deployments or other contingency operations. The Army received \$12M in FY99 to support well-being for soldiers in the field and family support groups, child and youth programs, and deployment education. This funding helped establish site to site, real-time communication between deployed personnel and their home installations over personal computers.

Completed base realignment and closure disposal actions have resulted in a transfer of \$7.1M to the U.S. Treasury Account established to receive the proceeds for the reimbursement of NAF investments in real property at affected installations. This figure is unchanged from last year, but a new initiative will introduce a legislative change to expedite the ability of the services to reinvest these funds in well-being initiatives by eliminating the requirement for an appropriation imposed by current legislative language.

## Marketing

The Marketing Office executed a wide variety of major initiatives in FY99 and is also conducting in-depth looks at program opportunities five, 10, and even 20 years in the future. In FY99, the marketing office:

- Commenced development of an Army lodging and Lodging Success marketing plan.
- Devised a comprehensive marketing plan for Army recreation based on detailed focus group information. The plan includes arts and crafts, automotive skills, sports, recreation centers, libraries, and the BOSS program.

- Developed a promotion plan to assist Army Community service's reengineering efforts, including template press releases, a media plan, and production outlines.
- Awarded a contract for the 2000 Leisure Needs Survey.
- Designed a customer information center and an installation support center as web-based methods of rapidly deploying information and instruction to MWR customers and employees.
- Developed and executed the first online MWR town hall meeting to facilitate interaction between MWR customers, field employees, and internal USACFSC employees. The forum serves as a new method of furthering internal and external communications.
- Assisted MWR advertising initiatives by developing a marketable package of advertising offerings, including sales kit materials, resulting in more than \$200K in advertisement agreements being signed.
- Completed preparations for the third Army-wide Leisure Needs Survey to measure participation and customer-perceived quality of MWR programs and facilities. Fielding will be in April 2000 at 92 installations. A combined Army-wide report, as well as MACOM reports and installation-level reports, will be distributed in September 2000.
- Conducted Army-wide marketing training in September 1999 in Milwaukee, Wisconsin. Private industry and in-house professionals provided performance-oriented, graduate-level marketing instruction sessions on benchmarking, focus groups, customer service mapping, personnel issues, A76, the Army's "Dog Days of Summer" concert series, and millennium events.
- Provided program-specific qualitative and quantitative research for art and crafts, automotive skills, library automation, public affairs, and outdoor recreation. In addition to a readership survey conducted for *Feedback*, customer satisfaction research efforts continue for lodging and NAF contracting.
- Distributed marketing and industry information to MACOMs, installations and other services via a monthly e-mail publication, "Tidbits," that includes research in main areas: families; child and youth; food, beverage and entertainment; leisure, hobbies and skill development; internet/computers; sports and fitness; and travel/tourism. This publication is also available on the MWR home page.

## Public Affairs

The mission of public affairs is to "tell the story of Army MWR" through print, broadcast, and electronic media and to serve as the command media consultant. During FY99, public affairs:

- Published six bimonthly issues of *Feedback*, the Army's MWR corporate communication vehicle. A former newsletter, the publication expanded to a 28-page magazine. Two issues were 32 pages long, with a special four-page Army Fitness XXI section in the April-May 1999 issue.
- Generated 61 news stories, features, and press releases with images, a 37 percent increase over FY98.
- Submitted 41 hometown news forms to the Army/Air Force Hometown News Program, generating 200 news releases in soldiers' hometown newspapers.
- Published a five-page feature story on MWR downrange (support operations in Bosnia and Hungary) in the December 1998 issue of Parks & Recreation, the National Recreation and Park Association's monthly magazine with a circulation of 21,000 nationwide.
- Produced 76 radio news stories, 48 "MWR Break" radio features, 35 "Army News Note" segments, and 5 radio spots, a total of 164 products aired. Products included two five-minute special reports, "MWR 1998 Year in Review" and "Army Responds to CBS 60 Minutes Report on Domestic Violence in the Military."
- Produced 87 video products for television, including segments for "Army Newswatch," a 30-minute Army Public Affairs broadcast news magazine distributed to 364 commercial cable outlets nationwide.
- Expanded the Soldier Show web page on the MWR home page to showcase all elements of the Army's Entertainment Program: Soldier Show, community theater, soldier music programs (Battle of Bands, USA Express), and the Summer Concert Series.

- Taught three sessions to over 40 students in two Army MWR Marketing Managers' Courses at Texas A&M University in December 1998 and March 1999, and 60 participants at the 1999 BOSS Conference, September 1999.

- Partnered with headquarters, Department of the Army to cover 11 Army WCAP athletes participating in the 1999 Pan American Games in Winnipeg, Canada. Obtained media credentials and funding for sportswriter Air Force Tech. Sgt. Garrett Reed and photographer Rolando Gomez, Army/Air Force Hometown News, who relayed stories and images to Army Public Affairs and the USACFSC for worldwide dissemination.

- Mitigated negative fallout resulting from a CBS 60 Minutes segment, "The War at Home," about domestic violence in the military that aired in January 1999. The segment depicted an isolated case of severe domestic violence at one Army post. Within 12 days of segment airing, USACFSC coordinated with HQDA Public Affairs to distribute print and broadcast products targeted at soldiers and families, including a five-minute television interview with BG Craig B. Whelden, Commander of the USACFSC. When CBS announced it would rebroadcast the segment in August, the USACFSC launched a preemptive media campaign that included a radio special and three feature stories in installation newspapers about the Family Advocacy Program.

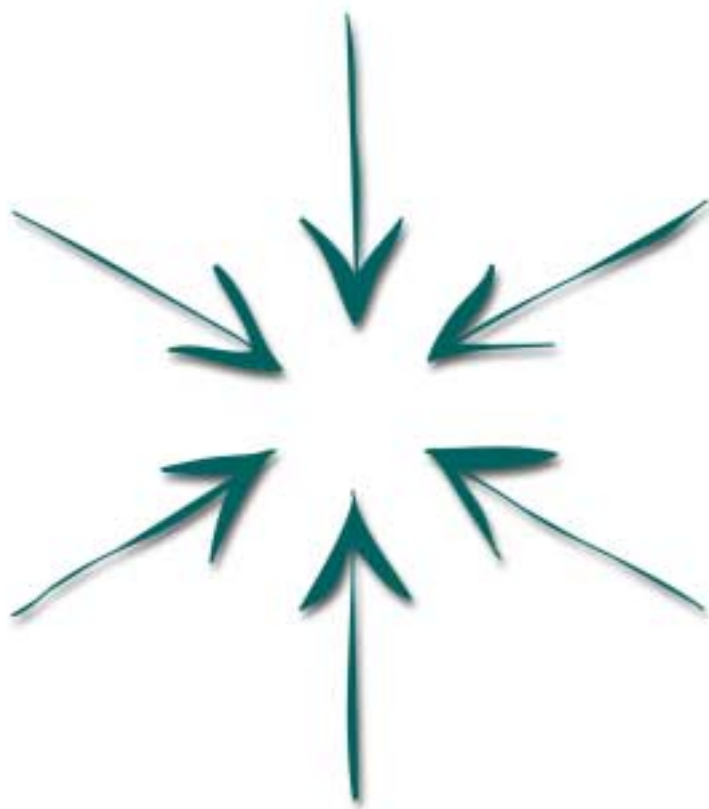
- Provided broadcast coverage of the Conseil International du Sport Militaire 2nd Military World Games in Zagreb, Croatia.

- Provided advance publicity for the 120 performances of the 1999 U.S. Army Soldier Show at 63 locations. Publicity consisted of a media day two weeks before opening night, press materials on the MWR home page and the HQDA public affairs electronic link, submissions for the Army and Air Force Hometown News, radio and television spot announcements, overnight mailings to installation public affairs offices and U.S. Army Recruiting Command officials in seven major cities, and press kits for seven locations in Eighth U.S. Army.





# FUTURE STRATEGIES



## ... fiscal year 2000 and beyond

### Business Programs

Food and beverage strategies focus on improving programs at all installations. Additional branded theme concept restaurants will open in FY00, including the first Orion MacGregor's Market in Europe, opening in March in the Hotel Maisieres in SHAPE, Belgium. The USACFSC is evaluating proposals from national brand chain restaurants who have expressed interest in expanding their "non-traditional" market to military installations. Through in-house operations, theme concepts, the Orion partnership, and name brand full-service restaurants, MWR can keep pace with increased Army-wide demands for quality food and beverage programs.

A new theme concept, TURBOZ, will target young soldiers, families, and teens. The concept is to retrofit an existing facility into an entertainment facility, with quick-service food and beverage and an extensive amusement game program based on motor sports. To improve other food and beverage facilities, many installations need to focus on catering programs. A series of joint service professional development workshops in FY00 will assist catering and business managers who want to improve individual skills, client services, and financial performance.

Several Army bowling initiatives are underway. A DOD-recognized manager certification program is being developed to improve professionalism, promote continuing education, and increase upward mobility, as well as improve bowling center management. Eight bowling center projects will undergo project validation assessments in FY02. Investing in the infrastructure of aging bowling centers is key to retaining bowling as a revenue source. Renovations should include state-of-the-art bowling equipment, video games, and areas for other activities, such as billiards and parties.

The strategic direction for the Army golf program is predicated on implementation of GolfTrac! and other program enhancements that lead to an efficiently run program. A balance of clubhouse construction and course improvements is key to continued success and ensuring that Army golf

remains competitive with civilian golf courses. Efforts to upgrade aging infrastructure, such as irrigation systems and maintenance facilities, will continue through utilization of a capital lease contract.

Leisure travel will move increasingly to the web and toll free numbers as airlines and travel providers reduce commissions to travel agents, requiring MWR to find other avenues to provide service and earn revenue from travel sales. The Army traveler web site at [www.offdutytravel.com](http://www.offdutytravel.com) features major air, cruise and rail toll free numbers and web site links; links to reservation booking engines; and research, planning and reservation tips. The USACFSC is developing "preferred provider" agreements with airlines, cruise, rail, and car rental companies for discounts, special rates, and where possible, concession fees to MWR. The first of these, an agreement with SatoTravel, provides on-line bookings with no service charge and a two-percent commission on cruises and tours sold through their website. A virtual ticket office will become a reality in early 2000, providing an electronic ticket kiosk with a wide variety of national and local entertainment and travel services. With the advent of e-commerce, Army MWR must leverage e-technology to support leisure travel and other business activities.

An educational needs assessment is being conducted for golf, bowling, and food and beverage programs to determine future training needs for managers and how current offerings reflect management needs, Army policies and benchmarks, and industry standards.

The year 2000 will see several Army-wide "millennium" special events designed to increase awareness and patronage of business programs. In June, installations will have an opportunity to augment local celebrations of the Army's 225th birthday with web-based contests, an insignia memory game, and video clips of common threads of Army life. Another event, Bowl 2000, will target youth and young adults to promote bowling during the traditionally slow months of July and August. In the fall, the Second-Shot-of-the-Century golf hole-in-one contest will be held at golf courses around the world and will include a program designed for soldiers serving in the Balkans.



SPC Cesar Beltran of the 36th Engr. Group greets his wife and son after his return to Fort Benning, GA., from duty in Nicaragua.  
- Photo by PFC Amy Nyland

## Family Programs

In November 2000, the Army will host a HQDA Army Family Action Plan Mini-Conference, marking the 17<sup>th</sup> year of the AFAP and bringing together 25 MACOM representatives to evaluate and prioritize issues from Army-wide forums. Delegates – active duty and reserve soldiers, retirees, family members and DA civilians – will determine what incoming issues are most critical to Army standards of living and will present recommended new issues to the General Officer Steering Committee chaired by the Vice Chief of Staff, Army. The GOSC will also review the progress of active issues, provide direction on working issues, and determine the status of issues recommended as complete or unattainable.

Focusing on the three vital CYS cornerstones of quality, availability, and affordability, full implementation of baseline standards in FY00 will mark a new approach to measuring performance against benchmarks. As part of this drive toward operating CYS programs more efficiently and effectively, MACOMs and the USACFSC designated several “First Choice” installations as “test beds” for new initiatives and demonstration of best practices. For child development spaces, the DOD goal is to meet 65 percent of need and expand to 80 percent by FY05. The Army plans to sustain current capacity but reconfigure the mix of spaces to serve more infants and toddlers. Out-year funding distributions will be reallocated based on cost per child space and the number and type of spaces provided, versus manpower authorizations.

A major new CYS initiative is Partnership 2001 (and Beyond). This venture intends to have installations participate in local Combined Federal Campaigns after obtaining their own agency fundraising codes for their CYS programs. An individual fundraising code provides for designated contributions and a share of local campaign “undesigned” contributions. The initial focus of Partnership 2001 is to meet the unfunded CYS transportation mission with the acquisition of vans, minibuses and bicycles.

## Guest Houses

The Army can expect significant changes for Army guest houses in FY00. Due to clarifications in the Joint Federal Travel Regulation, and resultant changes in DOD policy, the Army will redesignate guest houses as official travel government quarters and will transfer them from MWR to a separate and distinct lodging fund. This change will have a significant impact on many MWR funds across the Army.

The Army will implement a comprehensive “Wellness Plan” for lodging in FY00. This capital reinvestment strategy also includes an Army-wide facilities assessment and a prioritized list of requirements that would include renovation, minor construction, and major construction as necessary. It also includes a market analysis at each installation to balance current inventory against total market demand. Contracted marketing and/or architect/engineer firms will conduct facility assessments, market analysis, and prioritization of requirements. The cost to implement the Wellness Plan will be determined during the assessment phase but will most certainly require significant capital investment over the next few years.

## Recreation Programs

The arts and crafts program is planning several initiatives. The Fort Riley arts and crafts program will “brand” their model framing and retail sales center and publish an Operations and Team Member Development Manual. Development of an arts and crafts electronic programming manual, and related publicity materials, commences in FY00. The Army Photography Contest and Army Designer Craftsman Contest will provide soldiers, their families, and authorized civilians an opportunity to showcase their talent and skills.

For the automotive skills program, a policy change will allow authorized users to bring vehicles in for prepurchase inspection and/or work needed to comply with state safety standards before registering on post. Inspections may include engine emission certification where states have authorized shops to perform the inspection. In FY00, the Automotive Technical Trainer Travels will reach down to staff members at most CONUS sites. A master level mechanic instructor will spend two days with the automotive shop staff on the same equipment used daily by the staff. Training will focus on brake systems, preparing the staff to take an Automotive Service Excellence certification test in the Fall. The USACFSC will fund training, but not certification. Over 200 people can be trained with this process for the same cost as sending 50 people TDY.

Library priorities will focus on updating baseline automation to ensure internet access is available in all libraries, transitioning to virtual library applications, and offering desktop access to Online Patron Access Catalogs and online commercial database services. Virtual library applications supporting warfighter and family member information requirements will be available through the NIPRNet and will meet Army security requirements. The USACFSC will continue to fight for central procurement dollars to transition to virtual library applications. Central procurement ensures parity across the services and saves Army funds through volume discounts. The Army will field MWR baseline standards and DOD standards with status reports beginning

in FY00. Library services to personnel at contingency locations will continue to receive priority with purchases of computers, print materials, and online database services. The Army MWR library strategic plan, currently in draft format and in concert with the DOD library strategic plan, will be finalized in the upcoming months to help move libraries into the 21<sup>st</sup> century.

During annual leadership training, Army community recreation programs introduced a benefits-based program model developed by a team from Clemson University and funded by the National Recreation Foundation and the National Recreation and Park Association. This generic programming philosophy and strategy can be used by all recreation programs to identify specific benefits resulting from participation in recreation programs and measure the impact on soldier readiness. The benefits based recreation program model will be piloted at four installations. After the pilot projects are completed the data will be used to develop a manual with which to train all community recreation staff. Coordination also continues with the other services to develop a military recreation intern program supported by the Armed Forces Recreation Society.

The fitness program will establish model sites and partner with the American College of Sports Medicine to develop an accreditation program for Army fitness centers. Efforts to institutionalize fitness and sports administration training in the MWR academy are also underway, and partnerships with Army health promotion programs at installations are under consideration. Formal staff assistance visits will augment the program assessment process. The Cooper Institute of Aerobics will deliver fitness certification training to 100 Army sports and fitness personnel in early FY01. In FY99 and FY00, the Cooper Institute certified approximately 200 individuals. The annual Athletic Business Conference will feature expanded training on sports management and aquatics.

## Hospitality Programs

Negotiations continue for the construction of a new AFRC-Europe hotel in Garmisch, focusing on obtaining funding and construction approvals from the Army MWR BoD, Congress, and the German government. The target for opening the hotel is FY02. The AFRC-Europe also plans to convert 350 U.S. workforce positions from "tourist hires," to a Secretariat-approved resort hotel attendant program. Candidates for this program will be recruited from the U.S. to work in Germany for 13 months, providing a more stable employee base for customer service standards.

Preliminary negotiations and a feasibility study for an expansion of the 287-guestroom Shades of Green® resort are underway. The proposed design calls for an additional 297 guestrooms and an expansion of food and beverage capabilities. This expansion capitalizes on Orlando, Florida's unique placement as a world favorite vacation destination. A donation to Shades of Green® from The Coca-Cola Company will provide an all-expense-paid trip to the Shades of Green® for a lucky service member and his family. The service member, on duty in Kosovo, will travel with his family from Frankfurt, Germany, to Shades of Green® for millennium celebrations at WALT DISNEY WORLD® Resort.



SSG Yolanda Folston-Perry, 1079th GSU, tackles a rope obstacle at Fort Dix, N.J.  
- Photo by Steve Snyder

Renovation of the Hale Koa Hotel's original Ilima Tower continues. Built in 1975, the renovation will cost \$40M and will take 4-5 years to complete. An earlier cosmetic renovation of the Ilima Tower made guestrooms comparable to the new, 1995-constructed Maile Tower.

A \$21.3M expansion of the Dragon Hill Lodge is underway, adding 95 additional guestrooms to the existing 299 and adding a 235-space, bi-level parking garage. The hotel remains fully operational during the expansion with minimal to no impact on guests. This project will allow the Dragon Hill Lodge to satisfy unmet demand for permanent change of station lodging for soldiers in the Korean theater; currently, an average of 100 guests a day are referred to off-post accommodations. The expansion will also accommodate unmet demand by in-theater personnel for short rest and recuperation activity. A grand opening is planned for September 2000.

The Army Recreation Machine Program will begin final testing of a coinless/cashless gaming machine system that will increase efficiency and productivity for both the program and its host facilities. The elimination of coins will produce labor savings and increase control over slot machine funds. Cashless gaming is the use of an artificial medium, such as a "smart card" or magnetic strip card, to store player funds for use in gaming machines. Wins will be credited back on player demand, and the cards can be redeemed at a central vending point, thus eliminating coins and associated labor-intensive support from each individual machine. Preliminary testing of a coinless voucher system (bills are used for machine play and wins are dispensed via a ticket printer) was a result of a demonstration agreement with a manufacturer. This agreement provided 60 machines free of charge to allow evaluation of both the system and player/facility acceptance by the ARMP. This test proved successful, and the ARMP will pursue additional demonstration agreements to seek the technology that will define future gaming operations.

ARMP will continue to offer its services at deployed locations wherever soldiers are located. Machines are currently in Sarajevo, Tazsar (Hungary), Eagle Base (Tuzla), and Commanche, Camp Demi, Camp Dobol, and Camp McGovern in Bosnia. ARMP also plans to establish operations for U.S. service members assigned to Honduras; negotiations are preliminary and will require host nation approval.





PFC Adrian Bradford of the 1st ADA helps Colby Welling tune in during a unit visit to Stanton Elementary School in El Paso, TX.  
- Photo by SGT David E. Gillespie

## Commercial Enterprises

### Asset Management

Asset Management will improve and streamline the PPV ten-step process in FY00 by consolidating several steps to enable concurrent or overlapping actions and place congressional notification in one of the early steps. The Army will also assist the other services in the development of their PPV programs, as was done through an Army and Navy memorandum of understanding. Another initiative will build upon the MOU between the DOD and the U.S. Department of Agriculture's Rural Business Cooperative Service. This joint endeavor attracts businesses to provide goods and services on military installations in rural areas, and improves mission readiness and well-being for military personnel stationed in these rural areas. The USDA, through its RBS offices, provides government-backed loans and grants to individuals, corporations, partnerships, cooperatives, public bodies, nonprofit corporations, Indian tribes, and private companies. A key feature is that loans are guaranteed in the event of base closure. Because of this program, the Army expects more inquiries and proposals by qualified parties in the PPV program.

### Corporate Sponsorship and Advertising Program

The corporate sponsorship and advertising program has renewed its focus on revenue generation and capital avoidance to offset expenses incurred by the USACFSC to produce quality events and programs. Efforts will concentrate on sales, account management, client relations, and new business development. In addition to renewing existing clients of familiar properties, new concepts are being explored to open doors to distribute funds to field operations. One such initiative is an Army-wide advertising arrangement to bring cash to installations in exchange for displaying promotional materials in the installation's MWR facilities. This exchange benefits the corporate client, who does not have to negotiate with each installation, and the installation, which gets a hand-delivered client and the resulting cash.

## Contracting

The successful test to streamline the acquisition process will continue, enabling prompt delivery of design-build construction projects. To obtain meaningful data, the number of indefinite delivery/indefinite quantity design-build construction contracts will expand to seven over a five-year period. The ACSIM has approved a policy exception allowing award of IDIQ design-build construction contracts based on a comprehensive selection process versus price/cost competition. Other initiatives include expansion of the Lodging Success Program, consolidated procurements for Army lodging facilities (to include amenities, telephone services, cleaning supplies and uniforms), procurement of an enterprise management system, and publication of AR 215-4, *NAF Contracting*.

## Construction

Army MWR construction initiatives focus on processes and programs that improve the efficiency of project delivery and the quality of Army facilities. The Army's MWR construction management continues to attract other armed services and agencies eager to take advantage of lower costs and faster deliveries. Currently the Army supports the Marine Corps, Navy, and NEXCOM with their construction needs on a space available, reimbursable basis, with other armed services expressing an interest as well. By using a hybrid version of an IDIQ contract, project delivery time may be reduced by 6-9 months, and precontract development costs can be reduced by more than 50 percent.

Improving the quality of Army facilities under austere budget conditions is a formidable task, but the USACFSC plans to upgrade lodging facilities to a common standard of quality over the next few years. The USACFSC will assess facilities and provide design and construction management support.

## Human Resources

Implementation of a DOD NAF Health Benefits plan will begin in January 2000. The program consists of Preferred Provider Organizations, Point of Service, Out of Area Option, dental coverage, and subsidized retiree medical/dental coverage. A NAF Employee Retirement Plan amendment allows an "opt out" option, where new employees automatically enrolled in the program can terminate participation after six months. A major change is the philosophy of funding NAF employee benefit programs from a participant/premium based employer contribution method to a total payroll percentage-based employer contribution method. This will improve access to programs for employees and remove any employer-imposed disincentives to joining the benefit programs. Efforts continue to automate the administration of NAF employee benefit programs and expand the capabilities of the web site to meet customer service goals.

An implementation plan and marketing analysis is being developed to plot a successful conversion to a new automated staffing and referral process. Many phases, such as employee training, hardware functionality, initial planning,

Soldiers of the HHC and Co. C, 1st Bn., 15th Inf., face off in a game of "King of the Pit" during the Dragon Challenge olympics held in Kuwait's Udairi desert.  
- Photo by PFC Courtney Vickery



and marketing efforts, have already begun. The system promises to add speed and efficiency to staffing and referral, and should be fully deployed by late summer 2000.

Active recruiting efforts for FY00 began in September 1999 through attendance at several job fairs and many interviews. A full complement of ten well-trained and qualified trainees should be hired in FY00.

The MWR Academy is preparing for the August 2000 Garrison Commander's Conference, a major training effort targeted at the specific needs of commanders and MWR professionals. In an effort to reach even more students, the MWR Academy is adding web-based training to the curriculum. The Academy will offer the NAF Basic Contracting Course and the first block of the CFS Management Course ("Welcome to the Army") on the web by the close of FY00. Development of the business operations course continues and is scheduled for delivery in 2001.

## Strategic Planning and Policy

The Army MWR Strategic Action Plan, conceived and approved by the Board of Directors in 1994, will undergo a major revision beginning in FY00. The Army Chief of Staff's vision statement and guidance will drive the philosophy behind the revision. At the close of FY99, 62 percent of the plan's original 127 actions had been completed, with 48 actions still being worked. Ongoing actions will be incorporated into the updated plan.

The first Army-wide assessment of MWR/ACS programs against newly adopted mission box and baseline operating standards will be presented to the Feb00 MWR BoD. Designed to measure program performance and to provide executive level information for resource allocation, these standards represent an 80 percent solution. To address reporting and other anomalies, the USACFSC will continue to coordinate with MACOMs to refine and update the standards through the MWR BoD process in the Fall 2000 cycle of meetings. Funding shortfalls not addressed in POM 02-07 will be incrementally introduced into the POM 03-08 process.

The Army will field the Survey of Army Families IV in FY00. The SAF is an Army survey of spouses of active duty soldiers that focuses on key MWR and well-being areas. The USACFSC will also continue its MWR research strategy of inserting questions into the SSMP on MWR program use, satisfaction, expectations, and off-post alternatives

## Marketing

Marketing will complete a comprehensive marketing plan for Army Recreation that will redefine and set a clearer focus on the mission of various programs, their respective target markets, and the product mix they offer to that clientele. The marketing plan will address strategies and tactics for reversing declining patronage trends and increasing program awareness and credibility.

The Army will conduct the third round of the Army-wide Leisure Needs Survey in 2000. Three population segments will be randomly sampled: active duty personnel, DOD civilians, and retirees (at CONUS sites). The survey instrument covers individual and family background, leisure activity preferences, participation, use and perceived quality of MWR and family programs and facilities, and the impact and importance of MWR in improving Army well-being. Survey information greatly benefits future MWR program planning and implementation.

The MWR web site will be divided from a single site to a split site, with official content on Army servers and unofficial content on commercial servers. Restrictive internet trends within DOD require such a strategy to preserve and maintain a viable web advertising program and to improve online content delivery. In addition to site redesign and redeployment, the USACFSC will move toward a template-driven website to allow content managers direct access with which to update information content over the web.

Marketing will become deeply involved in developing future MWR programs and services built around the e-business concept. Planned initiatives include configuring the MWR web site to facilitate program delivery, electronic management systems, and business-to-business relationships. All MWR management and decision support will be integrated by modern electronic means.



# WORKFORCE



## ... trained and ready

The workforce is critical to accomplishing the MWR mission. The Army provides a menu of services for the 35,000 employees who deliver worldwide MWR. These services include referral, training, benefit management and administration, and career field management.

### Career Development Programs

#### NAF Management Trainee

This centrally funded program places college graduates with degrees in certain specialties into MWR positions. In 1999, the Army hired six trainees into the program: three in outdoor recreation, one in child and youth services, one in marketing, and one in personnel. The regional training sites for these positions are Forts Carson, Monroe, Lewis, Belvoir, Meade and Bliss. During 1999, eight graduates from the FY97/98 programs completed on-the-job training and moved into permanent placement positions.

#### Career Management and Staffing

Development continued on the Career Management and Staffing Program initiative. In April, members of the MWR BoD's Working Group developed program features for the CMSP and approved it for presentation to the September 1999 EXCOM. Subsequently, the EXCOM deferred the initiative until an independent management consultant could be contracted to analyze the program. Preparations are underway to contract for an independent management consultant.

#### Continuing Education Units

Students earn continuing education units for MWR Academy courses and installation, MACOM, and headquarters training events that meet standards set by the International Association for Continuing Education and Training. One CEU is awarded for each ten contact hours of instruction in a sponsored nonacademic setting. The American Council on Education evaluates MWR Academy courses and recommends college credit for many offerings. Neither the MWR Academy nor ACE grants college credit, but an ACE recommendation encourages universities and colleges to award credit to students enrolled in applicable degree programs.

## Master Training

MWR Academy offerings are not only “*First Choice*” for the Army but for the other services as well. The Academy continues to increase availability by offering resident, on-site, and correspondence courses. Web-based training will be offered in FY00. MWR training covers a wide variety of curricula for entry to senior level managers.

Since 1988, the MWR Academy has trained more than 12,500 students in its resident, on-site, and distance learning courses (Figure 3-1). In FY99, the Academy trained 2,016 Army, Marine, Navy, Air Force, Army Reserve, Army National Guard, and Air Force Reserve students (program-level to installation command) and delivered five Installation Commander’s Courses to train 30 general officers in installation management and MWR.

The MWR Academy delivered 35 percent of this training directly at various locations in the field, 32 percent at the Academy, 24 percent by correspondence, and 9 percent at the Culinary Activities Training Site at Fort Lee, Virginia.

The Academy continually redesigns training to meet the changing needs of the workforce. Highlights include:

- Completing a pilot Army Community Service Directors’ Course.
- Beginning development of the Business Operations Course for golf, bowling, and club managers.
- Converting the NAF Basic Contracting Course to web-based training and began on the first block of the CFS Management Course.

MWR Academy	
Total Students Trained by Course	
281	ACS Management Course
541	Applied Financial Management
168	Bowling Managers’ Course
59	Brigade Recreation Specialist Course
19	Catering Skills
29	Catering Professionals
336	CDS Directors’ Course
2,706	CFS Management Course
350	Club Management Course
119	Construction Contracts
161	Contract Administration
187	Contract Law
155	Contract Negotiation
159	Cost and Price Analysis
599	Division Chiefs’ Course
208	DPCA/DCA Course
68	Family Child Care
11	Fast Food Management
44	Food and Beverage Automation
855	Food and Beverage Management Course
8	Food Service Skills
28	Food Track
370	Garrison Pre-Command
114	General Officer Installation Commander Course
338	Golf Managers’ Course
313	Inventory Management
77	Joint Family Support Directors’ Course
21	Lodging Supervisors’ Front Office Managers’ Course
24	Lodging Supervisors’ Housekeeping Course
22	Lodging Skill Builders Course
6	MWR Specialists’ Course
42	Marketing Managers’ Course
786	NAF Advanced Contracting Course
1,547	NAF Basic Contracting Course
293	NAF Basic Navy
701	Operation Excellence
39	Recreation Managers’ Course
9	Quick Service Skills
19	Senior Leaders’ Course
2	Senior Managers’ Orientation
201	SPS FCC Course
276	Training and Curriculum Specialist Course
237	Youth Services Course
12,528	Total

Figure 3-1

## NAF Employee Benefits

Improvements to NAF employee benefit programs continue. After reviewing implementation plans for the new DOD uniform health benefit plan in FY00, the MWR BoD approved an increase to the employer share of the health benefit program from 65 percent to 70 percent for active employees beginning in January 2000. Health benefit premiums will now be funded at the rate of 50 percent by the employing installation, 20 percent by the AMWRF, and 30 percent by the employee.

Additional plan amendments will allow 401(k) participants to defer up to 22 percent of salary (within the \$10,500 IRS maximum) and redefine earnings to delete relocation, recruitment and retention bonuses and allowances for the purpose of calculating retirement contributions and 401(k) deferrals.

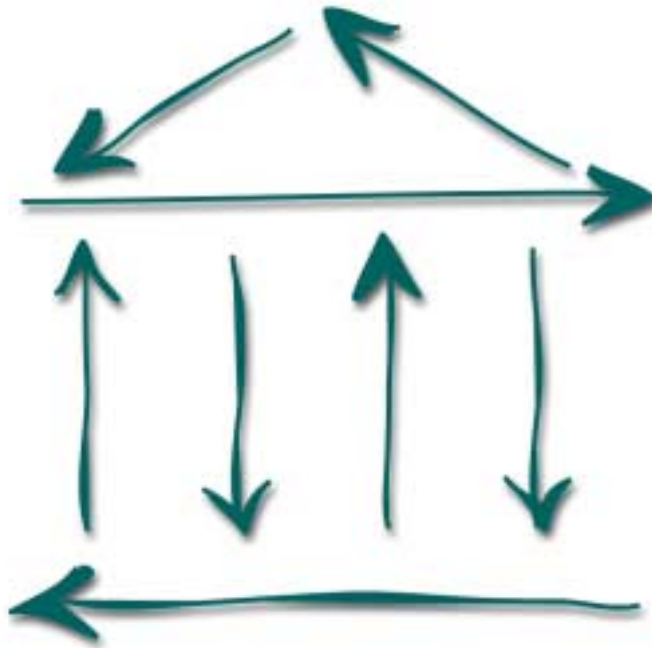
The USACFSC is installing a state of the art digital imaging, storage, and retrieval system to provide real time maintenance of NAF employee benefits data, with all employee files being converted over to the new digital system.



BG Whelden, CG USACFSC (center, bottom row) and Sandy Wood, Chief of USAREUR's Morale, Welfare & Recreation Division, visit with MWR program specialists supporting Task Force Eagle in Bosnia.  
- Photo courtesy of Task Force Eagle



# FINANCE



## . . . Army MWR corporate finances

Army MWR corporate finances are the combined total performance from field operating NAFIs, the ARMP, and the AMWRF. The *Executive Summary* section of this report shows how those elements, in the aggregate, performed from FY98 to FY99. The *Executive Summary* also reviews field operating results for the same period.

This section addresses individual Headquarters, Department of the Army funds managed at the USACFSC and presents a summarized balance sheet and statement of income and expense to support the analysis in the *Executive Summary*.

### Army Morale, Welfare, & Recreation Fund

This is the MWR Board of Directors' sixth year of financing strategies to modernize the MWR NAF physical plant. The long-range plan redirects field NAFI revenue to the AMWRF for worldwide application and authorizes borrowing from the Army Banking and Investment Fund. FY99 saw the continuation of this extremely aggressive capitalization plan with more than \$60M paid out for regular construction. While the largest portion of the AMWRF's cash finances capital requirements, the fund also invests in other Army-wide programs, such as master training, interns, patron surveys, and marketing research. The next largest allocation is for field exemptions and services. Examples include self-sufficiency exemption dividends and CPMC grants, Army sports, and BOSS. Finally, the fund supports a portion of the NAF administration budget for CFSC. Figure 4-1 shows how the AMWRF dollar was allocated for FY99.

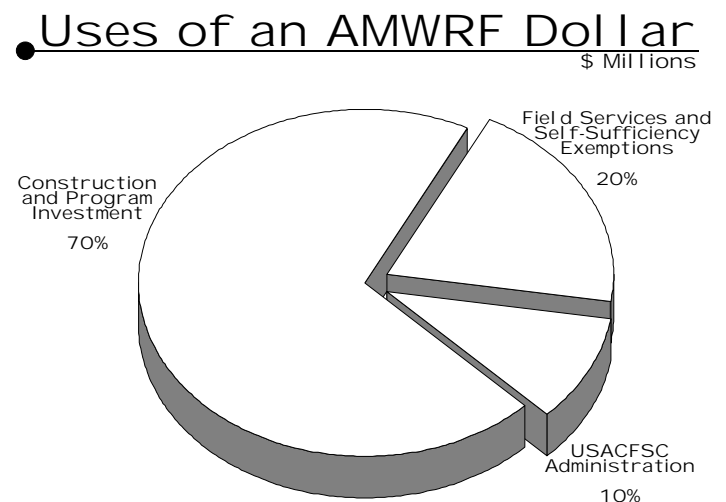


Figure 4-1



## Army Recreation Machine Trust Fund

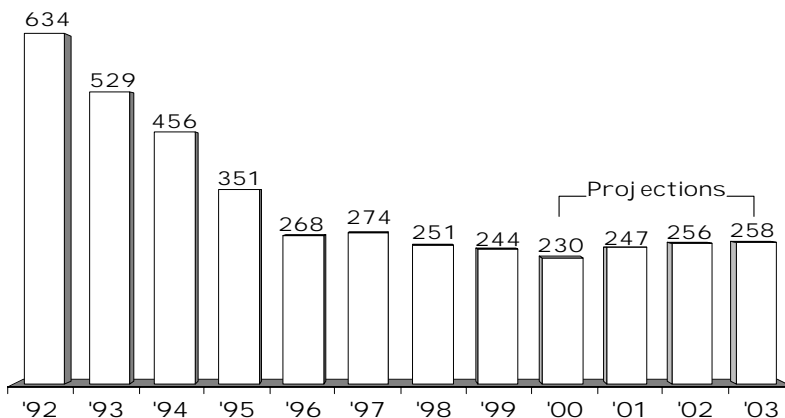
The Army Recreation Machine Trust Fund administers ARM operating profits. In FY99, the ARMTF received \$65.6M in profit distribution — a strong rebound from FY98 results of \$58.2M. This increase was largely the result of improved economic conditions in Korea. Major uses of cash in FY99, on a cash flow basis (including cash on hand at the beginning of the year), were \$66.2M in shared distributions and \$2.9M for internal ARM operations capital expenditures.

## Army Central Insurance Fund

During FY99, the trend of catastrophic losses caused by fire, tornado, flood and hurricane continued, resulting in claim payments of \$2.6M. A significant portion of the losses were commercially insured, thus reducing the exposure of the ACIF. The increased cost of general and vehicle tort claims for bodily injury and property damage due to negligence continued with payments to injured parties of \$2.1M. The cost of workers' compensation claims resulted in a loss of \$2.7M, requiring a rate increase for this coverage in FY00. Decreased claims expense in the unemployment compensation program resulted in a reduced rate for FY00. Despite the losses suffered in the property, tort, and workers' compensation programs, the ACIF had a net operating income of \$491,100 for the year. The ACIF continues to emphasize employee and customer safety, the key to reduced losses and claim payments.

## Army Banking And Investment Fund

### Army Banking and Investment Fund Depositors' Balances (Net of AMWRF Loan) \$ Millions



The Army Banking and Investment Fund manages a pool of U.S. Government securities on behalf of its participants and pays interest based on portfolio earnings. In FY99, the ABIF provided cash management and investment services to 400 Army and DOD entities. Participants earned a compounded rate of 5.22 percent on their average deposited balance. During the year, the ABIF distributed \$11.8M as interest income. Invested cash fell slightly during the year, from \$251M to \$244M (Figure 4-2).

During FY99, the ABIF began electronic payments to vendors and employees. In anticipation of Y2K, significant upgrades of in-house bank software were also accomplished without service disruptions.

Figure 4-2

## Army Central Retirement Fund

The ACRF represents the total of employee and employer contributions and investment earnings on those contributions (plan assets) for the U.S. Army Nonappropriated Fund Employee Retirement Plan. The fund pays accrued benefits to participants and their survivors as determined by a formula based on salary and years of service.

As of 1 October 1998, the date of the last available plan actuarial valuation, the value of the benefits that participants have earned to date (actuarial present value of accumulated plan benefits) was \$393.5M. This value is the amount required to satisfy all the plan's obligations if it were terminated today. The market value of assets available on 1 October 1998 was \$439.6M; therefore the funded ratio was 112 percent.

A more important measure of the plan's financial health is its ability to meet the obligations for benefits that will be earned in the future. An enrolled actuary makes these computations annually. The total actuarial accrued liability as of 1 October 1998 was \$431.7M compared with \$380.8M one year before, with the actuarial value of assets at \$439.6M. This surplus of \$9M represents the continued strength of the fund and the favorable returns from investments.

Retirement plan assets are in a trust fund that can only be used to provide benefits to participants as authorized by the plan. Five trustees control the trust and are responsible for

US Army Retirement Fund		
Asset Class	Amount \$M	Percent %
Stocks (equities):		
Domestic	\$ 238.4	45 %
International	108.6	20 %
Fixed Income (bonds)	161.0	30 %
Real Estate	1.9	.5 %
Venture Capital	21.0	4.0 %
Other (Govt/Govt Insured)	1.6	.5 %
<b>Total</b>	<b>\$ 532.5</b>	<b>100 %</b>

Figure 4-3

investing assets in authorized investments such as stocks, bonds, real estate, and government instruments. Assets are invested so that, over time, the return on investment meets the long-term assumptions on which the plan is based. The plan paid NAF retirees and their beneficiaries \$21.3M in FY99, including a 1.4 percent cost of living increase on 1 April 1999.

On 30 September 1999, the market value of the plan's assets totaled \$532.5M. These assets were invested as shown in Figure 4-3. The return on investment earned by these assets for the year ending 30 September 1999 was 22.9 percent.

## Army Medical/Life Fund

The Army offers health, dental, and life insurance benefits to its regular NAF employees. The AMLF collects premiums from employers and employees (and the Army MWR Fund for the self-insured preferred provider option) based on participant enrollment in the health benefits options. Alternatively, employees may elect health benefits coverage through health maintenance organizations. The fund satisfies claim expenses for the preferred provider option by direct disbursements to affiliated medical service providers after the plan

takes its discounts. When services are provided from outside the network or for any dental claims, the fund reimburses participating employees directly. In order to preserve the tax-preferred status of life insurance benefits, the AMLF reimburses a contracted insurance carrier for benefits paid to beneficiaries of deceased participants in the life insurance program.

## 401(k) Savings Plan

US Army NAF Employee 401(k) Fund	Average Annual Total Returns Period Ending 30 Sep 99		
	1 Year	5 Year	Life of Fund
<i>Investment Fund</i>			
Retirement Money Market Fund	4.95%	5.36%	5.54%
U.S. Bond Index Fund	-0.41%	7.72%	8.28%
Asset Manager Fund	16.12%	13.21%	13.11%
Growth & Income Fund	20.18%	21.78%	19.11%
Growth Company Fund	50.48%	25.08%	18.99%
Overseas Fund	34.72%	11.38%	17.16%
U.S. Equity Index Fund	27.54%	24.76%	17.53%

Figure 4-4

The US Army NAF Employee 401(k) Savings Plan continues to grow at a rapidly accelerating rate. As of 30 September 1999, the total individual 401(k) Savings Plan account balance was \$109.4M, an increase of more than \$22M from the previous year. The rate of growth was nearly 40 percent higher than the previous year. Figure 4-4 shows investment returns for the seven funds available to employees as investment options. Enrollment by actively contributing employees increased 11.5 percent during FY99. This increase reflects the efforts of personnel managers in promoting participation in the plan.

The overall financial position of the Army's MWR operating funds was sound as of 30 September 1999 (Figure 4-5). Current assets declined \$2.1M compared to FY98, but the fixed asset base increased more than \$63.6M. This demonstrates the Army's commitment to modernize and maintain the MWR physical plant. Current liabilities fell \$14.6M, whereas long-term liabilities rose by \$14.4M due to an increase in the outstanding balance of the AMWRF loan to the Army Banking and Investment Fund. The funds' collective equity rose more than \$13.1M for FY99.

Figure 4-6 illustrates the statement of FY99 APF and NAF operations compared with FY98. Revenue and expenses for NAF were reduced in this display due to the effects of the Uniform Resource Demonstration (FY98 only) and Utilization, Support and Accountability. This reduction precludes overstatement of APF and NAF resources.

Summarized Balance Sheet: Army MWR Operating Funds				
	30 Sep FY98	30 Sep FY99	Change	
Assets	Current Assets	\$ 242,521,787	\$ 236,719,102	\$ (\$5,802,685)
	Cash/Investments	41,653,919	51,027,542	9,373,623
	Receivables	31,765,026	28,292,698	(3,472,328)
	Inventories	<u>24,881,073</u>	<u>22,676,165</u>	<u>(2,204,908)</u>
	Prepaid Items	\$ 340,821,805	\$ 338,715,507	\$ (\$2,106,298)
	Total Current Assets			
	Fixed Assets	1,875,742,708	1,939,307,727	63,565,019
	Accumulated Depreciation	<u>787,841,990</u>	<u>848,965,872</u>	<u>61,123,882</u>
	Book Value Fixed Assets	\$ 1,087,900,718	\$ 1,090,341,855	\$ 2,441,137
	Other Assets			
	Capital Commitment/Sinking Funds	14,731,852	11,669,820	(3,062,032)
	Separation Sinking Funds	2,682,770	2,360,361	(322,409)
	Other	<u>45,951,669</u>	<u>62,139,818</u>	<u>16,188,149</u>
Total Assets	\$ 1,492,088,814	\$ 1,505,227,361	\$ 13,138,547	
Liabilities	Current Liabilities			
	Accounts Payable	\$ 35,884,889	\$ 32,228,382	\$ (3,656,507)
	Other	<u>153,036,836</u>	<u>142,056,639</u>	<u>(10,980,197)</u>
	Total Current Liabilities	\$ 188,921,725	\$ 174,285,021	\$ (14,636,704)
	Total Long Term Liabilities	<u>\$ 144,151,375</u>	<u>\$ 158,544,649</u>	<u>\$ 14,393,274</u>
Total Liabilities	333,073,100	332,829,670	(243,430)	
Fund Equity	<u>1,159,015,714</u>	<u>1,172,397,691</u>	<u>13,381,977</u>	
Liabilities and Fund Equity	\$ 1,492,088,814	\$ 1,505,227,361	\$ 13,138,547	

Figure 4-5

Total APF support increased \$48.7M compared with last year. Army MWR had \$31.9M in Military Construction, Army projects for FY99, compared to none for FY98. The remaining increase is reflected in Operation and Maintenance, Army, offsetting decreases in other operating accounts. The number of military personnel reported to be working in MWR also declined from FY98.

NAF revenue increased by \$16.3M from FY98. Despite lower sales revenue and interest income, other operating revenue and Army Recreation Machine revenue showed material increases. From FY98 to FY99, NAF expenses increased less than 1 percent. While there was a slight increase in NAF overhead personnel dollars, there was a slight decrease in NAF overhead labor when expressed as a percentage of revenue.

Cash generated from operations amounted to \$135.9M for FY99, an increase of \$9.7M over FY98.

### Summarized Income and Expense Statement: Army MWR Operating Funds

	FY98	FY99	Change
<b>Revenue</b>			
APF :			
Military Personnel	17,512,085	14,848,490	(2,663,595)
OMA	380,721,502	408,489,590	27,768,088
Other Operating	28,817,373	19,695,127	(9,122,246)
DLA	8,298,625	9,122,600	823,975
MCA	0	31,900,000	31,900,000
<i>Subtotal</i>	\$ 435,349,585	\$ 484,055,807	\$ 48,706,222
NAF :			
Sales	245,407,849	238,805,314	(6,602,535)
Gross ARM Revenue	101,164,473	110,231,496	9,067,023
Central Fund AAFES Dividend	62,862,506	58,767,136	(4,095,370)
ASD/Other AAFES	74,467,772	76,748,553	2,280,781
Other Revenue *	409,621,755	427,352,929	17,731,174
Interest Income	6,960,597	4,862,164	(2,098,433)
<i>Subtotal *</i>	\$ 900,484,952	\$ 916,767,592	\$ 16,282,640
<b>Total Revenue &amp; Appropriations</b>	<b>\$1,335,834,537</b>	<b>\$1,400,823,399</b>	<b>\$ 64,988,862</b>
<b>Expenses</b>			
APF :			
Operating Labor	200,452,503	193,542,449	(6,910,054)
Overhead Labor	53,848,885	52,979,492	(869,393)
Other Operating Costs	181,048,197	205,633,866	24,585,669
<i>Subtotal</i>	\$ 435,349,585	\$ 452,155,807	\$ 16,806,222
NAF :			
Cost of Goods Sold	106,882,185	103,761,705	(3,120,480)
Operating Labor *	356,047,268	348,221,595	(7,825,673)
Overhead Labor *	102,628,098	104,060,446	1,432,348
Other Operating Costs *	208,725,572	224,798,833	16,073,261
<i>Subtotal *</i>	\$ 774,283,123	\$ 780,842,579	\$ 6,559,456
Total Operating Expenses	1,209,632,708	1,232,998,386	23,365,678
Military Construction Army	0	31,900,000	31,900,000
Net Income Before Depreciation	126,201,829	135,925,013	9,723,184
Depreciation	114,326,240	31,900,000	5,575,090
<b>Net Income (Loss)</b>	<b>\$ 11,875,589</b>	<b>\$ 16,023,683</b>	<b>\$ 4,148,094</b>

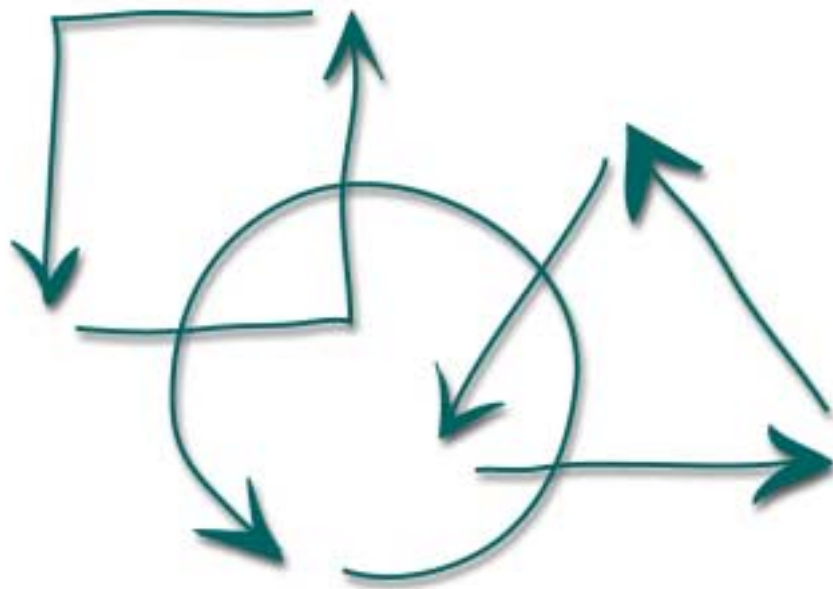
\* Net of URD/USA

Note: FY99 Utilization, Support and Accountability (USA) Rev \$35,334,104; FY98 Uniform Resource Demonstration (URD) Rev \$3,649,576; FY98 USA Rev \$6,204,123

Figure 4-6



# PROGRAMS



## ... status reports

### Army Community Service

In FY99, \$40.5M APF was programmed for ACS, a 1 percent increase over the \$40.3M programmed in FY98. Overall APF execution was \$40.8M, a 100.9 percent execution rate, up from a 98.5 percent obligation rate in FY98. In FY99, the Family Advocacy and Relocation programs obligated \$38.8M and \$4.4M in OSD funding, respectively. Figure 5-1 summarizes total FY99 operating costs.

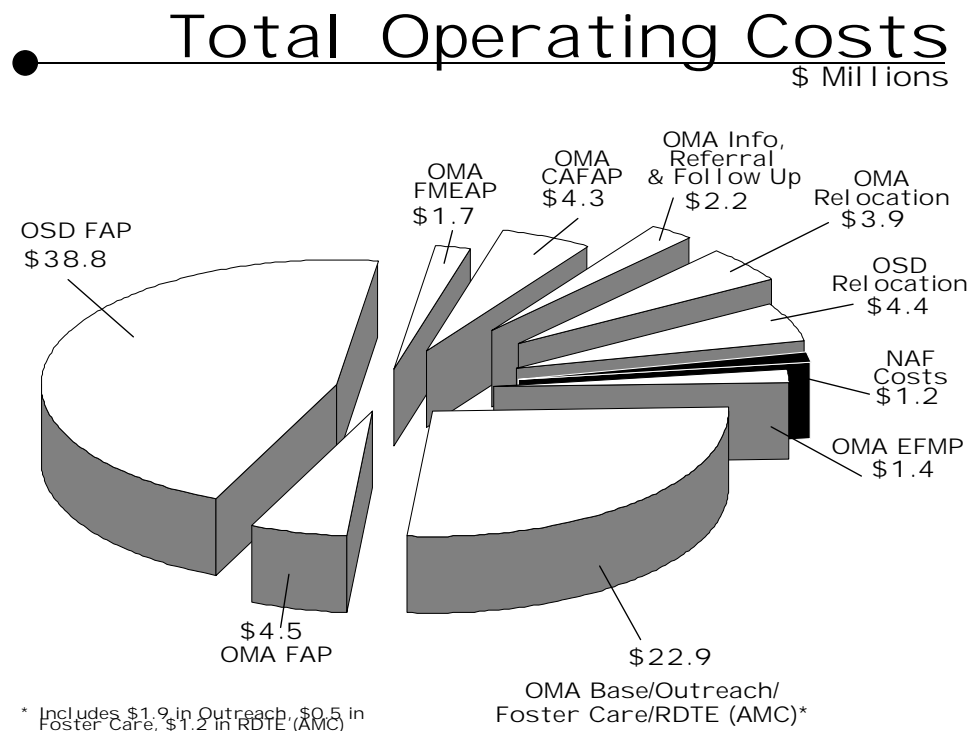


Figure 5-1



Abby Ellis greets her father, SGT Christopher Ellis, after his return from weekend drill in Decatur, GA.  
- Photo by Melody Ellis

### Family Advocacy Program

Family violence statistics in the Army continue to decline. There were 2,436 substantiated cases of child abuse in FY99, compared to 3,203 in FY95. Given child population (birth to age 22) for FY95 (502,061) and FY99 (459,052), the Army rate of substantiated child abuse decreased from 6.6/1,000 in FY95 to 5.5/1,000 in FY99 – substantially less than the civilian rate of 15/1,000 reported by the National Committee for the Prevention of Child Abuse. There were 4,047 substantiated spouse abuse cases in FY99, compared to 6,753 in FY95. Considering the populations of married persons for FY95 (288,413) and FY99 (250,906), the rate of substantiated spouse abuse declined from 10.5/1,000 in FY95 to 7.2/1,000 in FY99. Comparisons with the civilian sector are not possible, as there is no central database for spouse abuse.

### Consumer Affairs and Financial Assistance Program

In FY99, the CAFAP began several new initiatives to improve personal financial readiness training for soldiers and families. Training efforts targeted first-term soldiers and their family members. The CAFAP developed and implemented eight hours of mandatory personal financial readiness training for first-term soldiers. Personal financial readiness classes

focused on principles of personal finance, financial planning and budgeting, banking and checking accounts, credit, insurance, purchasing large items (such as cars), saving and investing, and consumer scams. The CAFAP provided 15,429 personal financial education classes attended by 245,569 soldiers. Soldiers in the ranks of private through specialist, and their family members, attended more than sixty two percent of these classes. The program provided financial counseling to 49,806 individuals, debt liquidation assistance to 21,697 (for debts totaling \$36.9M), consumer complaint assistance to 43,236 individuals, and other assistance to 67,466 patrons in areas such as income tax assistance, emergency foods, and housing. The program also provided 335,998 single contacts for information and assistance.

### Mobilization/Deployment Readiness Program

Department of the Army received \$3.1M in an emergency supplemental appropriation for family support groups in support of soldiers deployed to southwest Asia and Bosnia. The funds are for video-teleconferencing facilities, family support groups, and revisions to Operation READY deployment training materials.

### Exceptional Family Member Program

The Exceptional Family Member Program works with military and civilian agencies to coordinate community support and educational, housing, personnel and medical services to families with special needs. In FY99, 38,300 sponsors and 47,490 family members were enrolled in the program.

Program initiatives in FY99 included a revision to AR 608-75 (EFMP); participating in a test of DOD EFM Medical and Educational Summary Form; deploying Version 2.1 of Special Needs Program Management Information System to those Army sites providing educational and developmental intervention services; producing a handbook for exceptional families; producing an EFMP video to enhance awareness and dispel myths; producing a comprehensive EFMP command briefing package; planning and conducting five comprehensive multiagency management assistance/monitoring visits; conducting training stateside and in Europe for EDIS managers; and conducting a regional medical command meeting to review accreditation and requirements for a new data collection system for EFMP screening.

### Relocation Assistance Program

The Relocation Assistance Program continues to be widely used by soldiers, civilians and their families. The most used services are the Standard Installation Topic Exchange Service, lending closets, welcome packets, predeparture services, and newcomer orientations. An enhancement to SITES provided a "real time" capability to create hot links to military and civilian web sites that can assist soldiers, civilians, and their families during the relocation process. The RAP continues to emphasize service to first term soldiers and their spouses, aided by cultural adaptation courses in Panama, Puerto Rico, Italy, and Germany. The first Joint Services RAP Conference, spearheaded by the Army, was held in May 1999 with more than 270 RAP personnel in attendance, including 89 percent of the Army's RAP managers. The program continued its partnership with Youth Services by providing 30 youth sponsorship grants in FY99.

## Family Member Employment Assistance Program

In FY99, more than 259,656 patrons benefited from a broad range of employment services at an average cost per customer of \$6.51 (\$1.7M in total funding). The FMEAP made more than 100,802 job referrals and helped secure paid employment for 13,079 family members, bringing in more than \$261M of revenue to Army households — a high return on Army dollars compared to the nominal amount expended on the program. In addition, FMEAP provided counseling (job search and career assessment) to 94,261 clients worldwide. Of these, 18,192 (19 percent) were soldiers, 44,722 (47 percent) were family members, 10,946 (12 percent) were DOD Civilians, 6,126 (6 percent) were retirees, and 14,275 (15 percent) fell into "other." Job skills training was provided to 19,383 clients.

In 1997, the Chief of Staff, Army requested that the U.S. Army Personnel Command review the feasibility of the Army Career and Alumni Program assuming responsibility to provide FMEAP services. The result of this study, announced in February 1999, is for FMEAP to remain in ACS. As a result of this decision, FMEAP is in a rebuilding process.

## Transitional Compensation for Abused Dependents

Congress established an entitlement to compensation and other benefits for abused dependents of military personnel in FY94. This entitlement is based on the separation of the soldier from active duty, either through administrative action or court-martial, for a dependent-abuse offense. The entitlement provides monthly compensation to the spouse for a minimum of 12 months and a maximum of 36 months, in accordance with the number of eligible children in the family. Applications and documentation are completed through installation ACS Family Advocacy Program and Staff Judge Advocate staffs and forwarded to the USACFSC for review and approval prior to initiation of benefits. In FY99, 136 families received \$2.2 million in transitional compensation benefits.

## New Parent Support Program

The New Parent Support Program - Plus is mandated by Congress, supported by \$3.5M in OSD funds, and available at 27 Army sites. Each NPSP Plus site has a team of licensed social workers and nurses who supplement and complement existing programs. The teams are located in or near the installation's Army Community Service center. Their primary focus is home visitation, which allows role modeling, mentoring, and one-on-one parent education, but they may also offer "play mornings" and general parent education classes. The NPSP targets first time and "at risk" parents, but no eligible family is denied service.

## Army Family Action Plan

Having succeeded in reducing resource outlay by adopting the major and mini-conference schedule, the Army Family Action Plan turned its attention in FY99 to increasing program quality and predictability across the Army. The MACOM AFAP program managers worked in concert with HQDA to develop baseline standards that will strengthen and standardize AFAP programs at installations. The goal is to implement the intent of the program to operate AFAP at three distinct levels: installation or local level, MACOM and HQDA. Instituting installation programs that mirror the HQDA AFAP ensures the integrity and resolution of issues, which translates into a process of continuous improvement within Army communities.

Since 1983, 479 issues have been introduced into the AFAP. Completed issues have resulted in 60 pieces of legislation, 120 policy and regulatory changes, and more than 125 new or improved programs and services. In addition to program standards for traditional installations, AFAP managers are developing standards for tenant MACOM programs, as well as the U.S. Army Reserves and National Guard.

Delegates to the November 1999 HQDA AFAP Conference voted on the five services of greatest importance to soldiers and families (Figure 5-2).

FY99 HQDA AFAP Conference

T O P	Services
1	Medical/Dental
2	Housing
3	Commissary
4	Army Family Action Plan
5	Retirement Services

Figure 5-2



Jeffrey Howards, representing TRADOC, makes a point at the AFAP Conference.  
- Photo by Anne Sellmansberger



## Army Family Team Building

Army Family Team Building enjoyed a successful year, certifying 439 master trainers representing the active and Reserve components. These volunteers work for AFTB for one year at their installations and military communities around the globe to manage and instruct the family member readiness training program. Additionally, AFTB conducted its first Master Trainer Update Course, enhancing the skills of 200 previously trained master trainers. The AFTB Senior Spouse Leadership Seminars at the Army War College and the Sergeants Major Academy benefited from the additional attendance of Reserve component spouses, adding a new facet and dimension to the training.

Standardized AFTB family member training has shaped family and soldier readiness in military communities and touched the lives of hundreds of thousands of family members — not just Army, but also Air Force and Marine. Other FY99 accomplishments included: translating Level I, II, and III training material and the "What's Next" Guide to Family Readiness into German, Spanish, and Korean; working on the DA Circular; developing and distributing an extensive "How-To" Handbook for program managers; releasing an AFTB marketing video targeting commanders and soldiers; and developing and fielding an AFTB NetTrainer — a web-based communication system to link geographically dispersed families, allowing them to train on-line in the privacy of their homes.

The CSA and the SMA designated 16 December as Army Family Team Building Day to highlight the hard work and dedication of AFTB volunteers and their contributions to soldier and family readiness.

Initiatives for AFTB for FY00 and beyond include:

- Conducting five Master Trainer Courses (four CONUS, one OCONUS) to certify 435 master trainers.
- Providing senior spouse leadership training at the Army War College and Sergeants Major Academy and inviting Reserve and National Guard spouses to participate.
- Incorporating level II and III family member training into NetTrainer.
- Publishing the DA Circular.
- Conducting a core volunteer instructor course for 85 volunteers committed to teaching Master Trainer Courses and Senior Spouse Leadership Seminars.
- Conducting a Master Trainer Course in Spanish.
- Introducing AFTB to our Latin American counterparts.
- Developing an AFTB Program Managers' Course.
- Implementing a quarterly Management Report.
- Conducting an in-depth program assessment and developing an AFTB Strategic Plan.

## Better Opportunities for Single Soldiers

Better Opportunities for Single Soldiers supports overall well-being for single and unaccompanied soldiers. This integral part of the Army Recreation Program utilizes the Recreation Delivery System to build programs for their "customer" base.

The 1999 Army-wide BOSS conference, "BOSS Evolution: Ten Years and Building," demonstrated how far the program has evolved in 10 years from a recreational activity to an all-encompassing soldier program. Attendees who were around when the BOSS program began were amazed at its progress. As the Army BOSS program also serves as a model for other military service programs, attendees to the 1999 Army-wide BOSS Conference included all 4 branches of service. Several MACOMS, such as EUSA, USAREUR and USARPAC, held MACOM-wide BOSS conferences to complement the Army-wide conference.

The *BOSS News and Views*, with a distribution of 10,000 and a new, more manageable format, continues to showcase installation BOSS programs and spark imaginative new ideas for readers. The BOSS Desk Reference is in final draft and will be available soon for downloading directly from the BOSS web page on the internet.

The Commissary Awareness Campaign, designed to educate single soldiers about the benefits of utilizing the commissary, was conducted at 31 installations in 1999. Commercial sponsorship in product, samples, coupons, and cash for the event totaled \$159,990.

In FY 00/01, the program will focus on planning Army-wide events to generate funds for installation BOSS committees. The theme for this year's annual conference will be,

"BOSS.... To the Future:  
Bridging the Gap, Paving the Way."



SPC Catalina Velez of the 35th S&S Bn. training at Sagami General Depot, Japan.  
- Photo by SGT Brett C. Traver

## Armed Forces Recreation Centers

Collectively, gross AFRC revenue increased 6.1 percent from \$96.5M in FY98 to \$102.4M in FY99. Overall NIBD increased 33.8 percent, from \$13.3M to \$17.8M, despite unfunded authorized APF requirements at AFRC-Europe that were paid with NAF. Losses at AFRC-Europe are underwritten by positive cash flows from other AFRCs: Hale Koa Hotel, Dragon Hill Lodge, and Shades of Green®. Management's ability to control operational expenses, combined with DHL's economic rebound, were factors in the increased NIBD for the AFRCs.

Due to slightly increased revenues and reduced expenses, the SOG's FY99 NIBD was \$223K ahead of budget. Compared to FY98, HKH room revenue was down in FY99 by \$200K, due to rooms placed out of service to fix improperly installed ventilation systems. Revenue was down in all departments as a result of out-of-service rooms. A cooperative food program effort with the Hilton Hawaiian Village Hotel recaptured \$635K in revenue, slightly buffering the loss in room revenue.

Effective management of operating expenses combined with the increase in revenue to improve NIBD from 13.8 percent of revenue in FY98 to 17.4 percent in FY99. While revenue increased over 6 percent in FY99, the cost of goods sold increased only 4.4 percent, labor was up 2.6 percent (less than inflation), and other operating expenses decreased 2.2 percent. Each expense category was lower as a percentage of revenue in FY99 than in FY98. Individual and collective property performances are shown below:

- The 333-room AFRC-Europe incurred a NLBD of \$975K on revenue of \$16.7M in FY99.
- The 287-room Shades of Green® generated NIBD of \$2.6M on total revenue of \$14.4M in FY99.
- The 299-room Dragon Hill Lodge generated NIBD of \$8.6M on revenue of \$23.5M in FY99.
- The 817-room Hale Koa Hotel generated \$7.5M NIBD on total revenue of \$47.8M.

### Financial Information

Average Army Data

	FY 98	FY 99
COGS	37.8%	37.0%
Labor	55.2%	53.4%
Other Op. Exp.	16.9%	15.6%

Figure 5-3

## NAF Operations

\$ Millions  
■ FY98 □ FY99

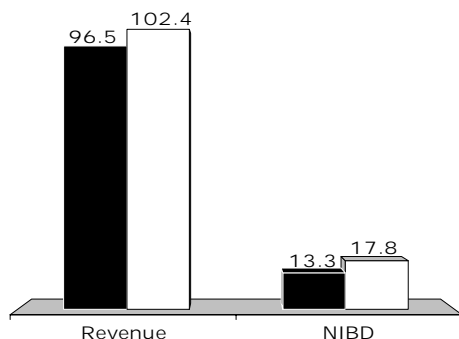


Figure 5-4

## Army Recreation Machine Program

The ARMP FY99 revenue performance finished an impressive 9.2 percent above the previous year, with gross revenues of \$110.2M compared with \$101M in FY98. Continued economic recovery in the Far East, as well as increased efficiencies in and expansion of amusement machine operations, is in large part responsible for the recovery. New initiatives to enhance customer satisfaction at European slot machine locations will improve the financial situation throughout the theater.

The ARMP had a successful year. Revenues for both slots and amusement games were higher than in FY98. Slot revenues of \$102.2M (up 9.5 percent from FY98) and amusement revenues of \$8.0M (up 5.5 percent) combined to yield \$110.2M for the year.

The ARMP continued a downward trend in operating costs by reducing expenses more than \$250K, or 1.19 percent. This includes a 3.6 percent reduction in compensation as new technology and systems allow for increased workforce efficiency and streamlining.



A technician works on an amusement machine at Seoul, Korea.  
- Photo by Ronald Beckwith

## Child and Youth Services

Installations are creating a seamless delivery system for parents of children 4 weeks to 18 years of age by consolidating child and youth programs into a single management structure. This provides both cost and program efficiencies by double-functioning personnel and sharing facilities and equipment across programs. The USACFSC, most MACOMs, and 85 percent of installations are currently operating in this configuration.

Child development programs operate in centers, homes, and alternate settings to provide full-day, part-day, and hourly care for children 4 weeks to 12 years of age. Since enactment of the Military Child Care Act of 1989, Army child care initiatives have focused on improving the quality, availability, and affordability of care for patrons.

In March 1998, the President directed that all federally sponsored child care centers be nationally accredited by the year 2000. Ninety-three percent of Army child development centers are now accredited by the National Association for the Education of Young Children. The Army is executive agent (covering also the Navy and Marines) for the Military Family Child Care Home Accreditation system. This system assures parents of efficient support and oversight for FCC homes by providing a retention incentive for experienced providers and stimulating quality improvement by providers.

The School-Age Services Program serves as the bridge between child development programs and youth programs. Army leaders place special emphasis on program options for this middle school age group, ages 11 to 15 years, who are too old for traditional child care and too young to work or drive.

Army youth programs offer a range of positive youth development programs, viewing youth as resources and partners. Baseline programming for middle school and teens during parental duty hours and weekends now includes: open recreation, sports and fitness, homework centers, computer labs, workforce preparation, and sponsorship/relocation programs. Adolescents have opportunities to develop a sense of competence, usefulness, belonging, power, and influence. Out-of-school programs are designed to build youth competencies that enable young people to make positive personal behavior decisions needed to counter negative pressures confronting Army youth, thereby decreasing soldier/parent lost duty time due to youth misconduct. Just as military child development services are recognized as a "model for the Nation," the goal of CYS is to set high standards and deliver meaningful programs so that youth services will also be recognized as "model" operations.

Expanding partnerships with 4-H and Boys and Girls Clubs of America have broadened and improved installation ability to effectively and efficiently deliver quality programs. Affiliate membership status with the Boys and Girls Clubs of America for all Army installation youth programs will provide a greater variety of youth programs and help to standardize CYS programs. The Boys and Girls Club provides program materials, consultant visits, on-site training, and program support for Army youth program staff.

Army child development programs are fiscally efficient. The Army's NAF subsidy to child development centers continued to decline in FY99. The annual NAF subsidy has decreased by 100 percent from FY92 to FY99, from \$22.3M to \$0.

## Child Development Services

### Financial Information Average Army Data

	FY 98	FY 99
COGS	80.2%	69.4%
Labor	91.8%	88.0%
Other Op. Exp.	7.1%	7.0%

Figure 5-5

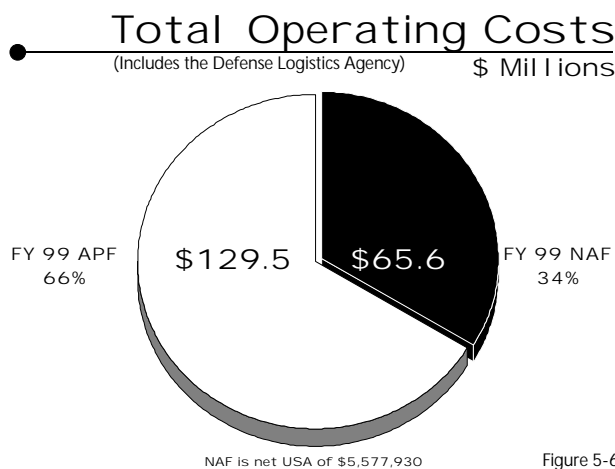


Figure 5-6

## NAF Operations

\$ Millions  
■ FY98 □ FY99

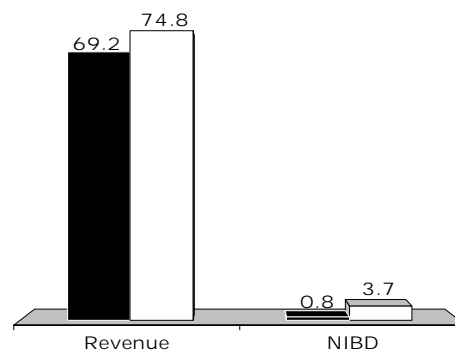


Figure 5-7

Children at Caserma Ederle in Vicenza, Italy, sing during opening ceremonies for the Month of the Military Child.  
- Photo by Laura Kreider



Beginning in FY99, the Army now also measures all child development services (centers, family child care, supplemental programs and services, and school-age services) against an NIBD standard of breakeven and standard budget variance factors.

Army child development programs executed \$129.5M in APF during FY99. This represents \$115.5M in direct APF (excluding Operating Agency 22) with \$123.6M direct APF (Child Development Services) programmed. The FY99 execution rate was 93.5 percent. Army-wide youth programs executed \$54.3M in total APF and NAF funding support for FY99. From \$44.1M APF executed, \$39.1M direct APF (Youth Development Programs) was programmed, and \$36.5M was executed — a 93.4 percent execution rate.

Program accomplishments in FY99 included:

- Certification of 100 percent of Army child care programs by DOD.
- Meeting 61 percent of the potential child care demand; the current DOD goal is 65 percent.
- Distributing the CSA-directed \$12.8M readiness supplemental to expand middle school/teen program to meet the needs of 11- to 15-year-olds during parental duty hours.

- Establishing affiliate memberships for 100 percent of Army installations with the Boys and Girls Clubs of America.
- Expanding "Promise Passport" throughout the Army to promote youth volunteerism on and off installations. In FY99, more than 25,000 youth participated in this initiative, contributing 219,659 volunteer hours.
- Connecting 67 percent of the 133 youth computer labs to the internet.
- Issuing the Child and Youth Personnel Pay Plan to create pay equity between child and youth staff working directly with young people.

## Youth Services

### Financial Information Average Army Data

	FY 98	FY 99
COGS	52.0%	58.3%
Labor	77.2%	72.4%
Other Op. Exp.	36.3%	33.6%

Figure 5-8

## Total Operating Costs

(Includes the Defense Logistics Agency)

\$ Millions

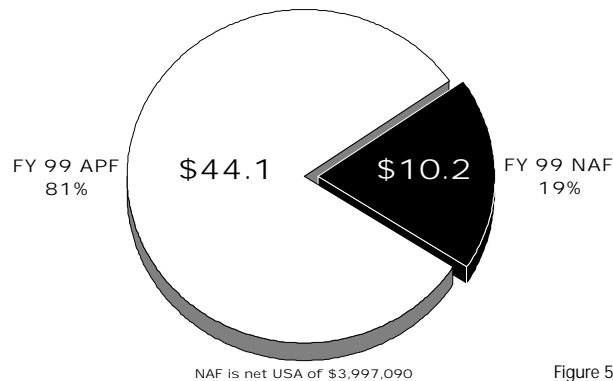


Figure 5-9

## NAF Operations

\$ Millions  
■ FY98 □ FY99

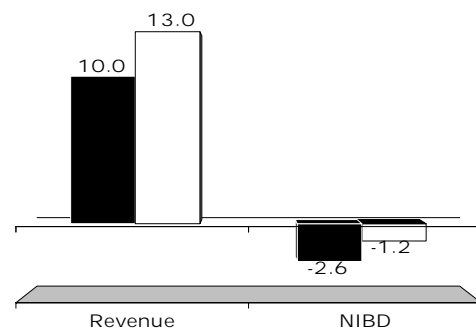


Figure 5-10



## Arts & Crafts

Total funding for the Arts and Crafts program decreased from \$15.3M to \$13.4M in FY99, due in part to under execution of budgets and a variety of BRAC actions. The specific decline was \$.9K APF and \$1.0M NAF. The program funding mix of 50 percent APF and 50 percent NAF remained constant from FY98. The DOD goal is to attain 65 percent APF support.

NAF revenue increased from \$6.6M in FY98 to \$7.1M in FY99, which improved NIBD from a FY98 loss of \$1.1M to a FY99 loss of \$.2M — a marked improvement of the bottom line. While revenue increased, the cost of goods was down 1.6 percentage points, other operating expenses increased slightly, and labor sustained a significant decrease of 6.6 percentage points.

Findings from focus groups and the Sample Survey of Military Personnel for the spring of 1999 indicate that better promotion and more convenient hours would likely increase participation in arts and crafts programs. Survey findings show that 20 percent of officers and 11 percent of enlisted personnel used Army/DOD arts and crafts centers in the last 12 months. Of those, 62 percent of officers and 55 percent of enlisted personnel reported being either very satisfied or satisfied. The majority of officers and enlisted personnel agreed that expectations were met for almost every factor concerning Arts and Crafts Centers. "Helpfulness of staff" had the highest officer and enlisted satisfaction levels, while "convenience of hours" and "number of staff/instructors available" had the lowest levels. Comments from focus groups parallel survey findings and compliment staff, prices, facilities, and equipment.

Program specific technical training was held in conjunction with the annual Professional Picture Framers' Association trade show in Atlanta in September 1999. All attendees were encouraged to work toward getting PPFA certification. The USACFSC bulk purchased a variety of professional magazine subscriptions as well as manuals recommended for PPFA certification. The FY00 technical training for arts and crafts will be held in the fourth quarter at Fort Riley, KS, which is the model site for "branding" picture framing.

Participation in arts and crafts skills development activities enhance the military community by building bridges to other careers. Programs also provide cultural enrichment, reduce stress, promote self-reliance, and achieve cost savings through a "do-it-yourself" atmosphere. The 1999 Army Photography and Fine Arts contests provided great opportunities to showcase local talent at all levels in the Army. In 2000, the Designer Craftsman and Photography contests will provide new opportunities for Army communities. The Army MWR arts and crafts web site includes previous contest winners and contest rules.

The Outstanding Army Recreation Arts and Crafts Program for 1998-1999 was the Hanau Arts and Crafts Center.

### Financial Information Average Army Data

	FY 98	FY 99
COGS	59.6%	58.0%
Labor	57.0%	50.4%
Other Op. Exp.	18.2%	17.1%

Figure 5-11

### Total Operating Costs

\$ Millions

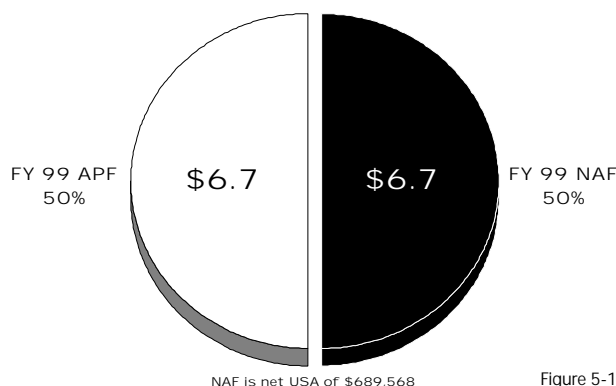


Figure 5-12

### NAF Operations

\$ Millions  
■ FY98 □ FY99

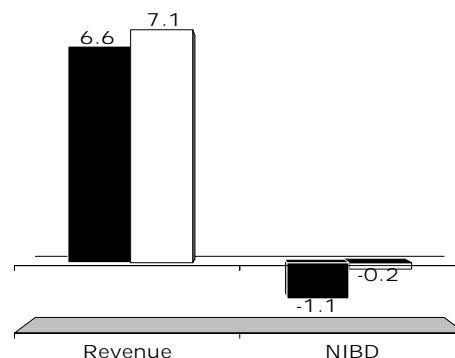


Figure 5-13

## Automotive Skills

Appropriated fund support for automotive skills increased from FY98's \$9.1 to \$9.7 in FY99, a return to the level of APF support provided in FY97. As a percent of total operations however, APF fell to a new low of 50 percent from 52 percent in FY98. The DOD standard is 65 percent for APF. Overall NAF support grew to an all-time high of 50 percent.

While APF support has remained relatively constant over the last five years with little growth, the percentage of APF to NAF support continues to decline. The shift to increased NAF revenue generation relies on users paying a higher share of the cost of this Category B program. Growth in NAF income occurred due to expansion of Category C operations (sale of services). The trend of selling repairs and maintenance services by staff members will increase labor costs in the future, due to the need to guarantee repair work and continued competition for skilled technicians. The sale of mechanical services, and the resulting increase of NAF income, caused a decline in APF support as a percentage of total support.

Overall NIBD dropped from FY98 by \$.5M, from \$1.2M in FY98 to \$700K in FY99. Although NAF gross revenue grew, so did the cost of operations for installed parts, special equipment, and higher payrate for mechanics.



Fort Drum's Category C "Mechanic for Hire" operation.  
- Photo by Vaun Whitesides

Labor costs declined significantly from 62.3 percent to 57.9 percent. Army-wide, the automotive skills program NIBD declined in FY99 by \$.5M. This decline is directly attributable to a business-based decision to close an operation at Fort Hood, TX (\$1.1M NLBD due to closure). Otherwise, program NIBD improved for FY99.

Unlike FY98, when labor costs remained level from the previous year, in FY99 the labor cost as a percentage of revenue dropped but had a real dollar growth of \$260K. This was due to an increase in gross revenue lowering the percentages.

In the fall 1998 SSMP, almost half of the potential customers of Army automotive skills centers reported using one in the last 12 months. Eighty percent of officers and enlisted personnel were "very satisfied" or "satisfied" with the services — significantly higher than that of soldiers who reported using civilian

repair and service garages. The majority of officer and enlisted personnel reported their expectations met for location, equipment variety and quality, staff knowledge and courtesy, cost of service and shop time, quality of diagnostic assistance, and waiting time for access and assistance. Soldier comments in focus groups reinforce survey findings.

### Financial Information Average Army Data

	FY 98	FY 99
COGS	73.6%	73.8%
Labor	62.3%	57.9%
Other Op. Exp.	11.4%	11.8%

Figure 5-14

### Total Operating Costs

\$ Millions

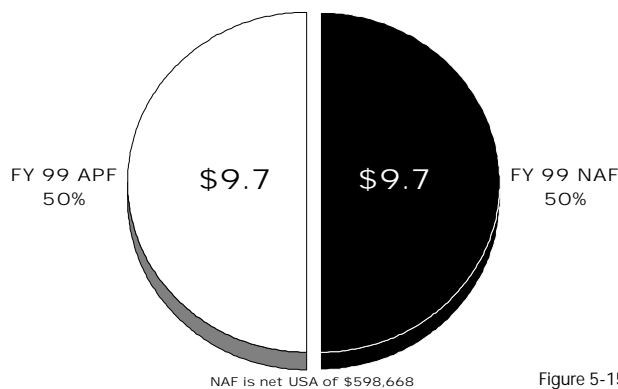


Figure 5-15

### NAF Operations

\$ Millions  
■ FY98 □ FY99

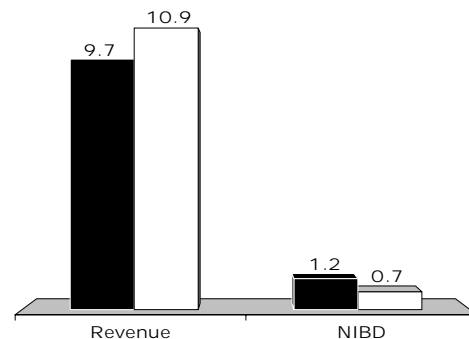


Figure 5-16

## Entertainment (Music & Theater)

Entertainment at the installation level remained stable with a \$200K increase in revenue from FY98 to FY99. The program realized a 1.3 percentage point decrease in COGS and a 6 percentage point decrease in labor costs, countering a 16.7 percentage point increase in other operating expenses. Total APF support increased by \$.8M, to 59 percent of total operations.

The 1999 U.S. Army Soldier Show marked the 16<sup>th</sup> anniversary of its modern incarnation, entertaining more than 130,000 people in a 6-month tour that included Korea and Alaska. The show put on 121 performances at 64 locations, including 7 special shows in major cities partly sponsored by US Army Recruiting Command. Special performances were held at the U.S. Military Academy, West Point; in Washington, D.C., for the Secretary of the Army; and in Malden, MA, as part of that city's 250<sup>th</sup> anniversary. Increased installation and command interest in hosting the Soldier Show speaks to the steadily increasing popularity of this program. In 1999, the show also celebrated the 81<sup>st</sup> anniversary of the first Soldier Show in 1918. The motto, mission and philosophy of the show were established by SGT Irving Berlin: "Entertainment for the soldier by the soldier."

The Army Concert Series had a successful sixth year, presenting 12 "big-name" concerts at major CONUS installations. The series generated a net income of \$528K in FY99, a 21 percent increase over 1998. Cash sponsorship income increased by 5 percent, to \$358K. The series created additional income for the hosting installations of \$376K and returned \$218K to the AMWRF in ticket income share and profit. Special events training in San Antonio, TX, conducted by USACFSC staff, contributed directly to the growing success of the series and to an increase in special events activity at installations.

Army Entertainment enjoyed success and growth in other programs. Eleven recreational bands representing commands in Hawaii, Korea, Germany, and CONUS installations competed at the Army-wide Battle of Bands, held at Fort Eustis, VA. The "World Class Rockers," personalities from a number of classic rock groups, provided workshops and one-on-one instruction for participants and performed on the final evening of competition. The 2-day event attracted the largest audience in the program's history.

The All-Army touring show band program, USA Express, in coordination with the Armed Forces Professional Entertainment Office, fielded two show bands for worldwide touring from December to March. Each unit undertook a 2-month tour to entertain deployed military personnel. The USA Express-West band performed at Okinawa, Korea, Guam, Hawaii, Kwajalein Atoll, Johnston Atoll, Alaska, Panama, and Honduras, while USA Express-East toured in southwest Asia, the Balkans, Norway, England, and Iceland.

The installation music and theatre program grew for the third consecutive year, showing an 8 percent increase in production activity over 1998. National recognition for the program increased through the participation of Vicenza, Italy, in the biennial National One Act Play Festival conducted by the American Association of Community Theatres in Memphis, TN, in June 1999. The US Army Entertainment Division increased both its consultation and direct technical support of installation programs through on-site and remote training opportunities.

### Financial Information Average Army Data

	FY 98	FY 99
COGS	42.7%	41.4%
Labor	48.8%	42.8%
Other Op. Exp.	42.0%	58.7%

Figure 5-17

### Total Operating Costs

\$ Millions

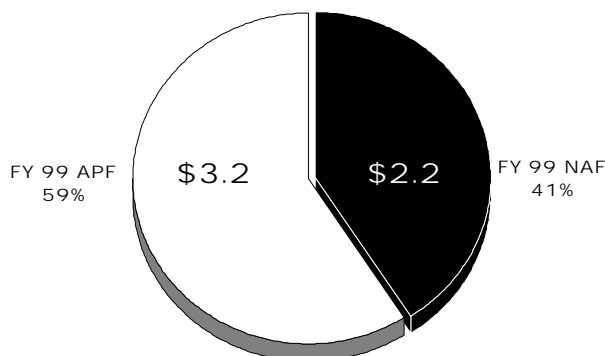


Figure 5-18

### NAF Operations

\$ Millions  
■ FY98 □ FY99

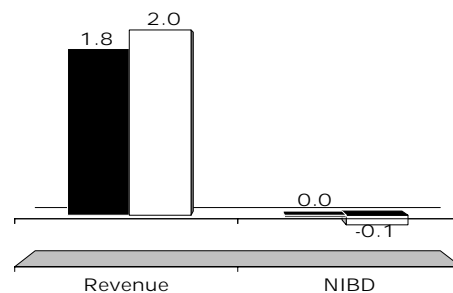


Figure 5-19

## Fitness and Sports



CW4 Paul Gwilym takes a corner during the bicycle portion of the Memorial Day triathlon outside Camp Doha, Kuwait.  
- Photo by SPC Brian Murphy

Total sports program funding declined by \$19M, 18.4 percent, from FY98. Army APF support continued to decline, decreasing by \$17.0M during the same period. This decline is due to many factors, including a \$1.7M reduction in direct support costs, executing at 20 percent below the funding plan, indirect support reporting inconsistencies, and under-reporting redirected military manpower. Total NAF operating costs decreased by \$2.0M, excluding \$5.0M in costs funded through USA MWR. The program remains funded at 89 percent APF, still below the 100 percent Category A goal. The decrease in operating costs was accompanied by a \$3.7M increase in revenue, producing a \$1.9M decrease in NLBD from \$3.8M in FY98 to \$1.9M in FY99.

The 1998 Army MWR Annual Report reported that sports and fitness programs had suffered declines through the years because of BASOPS funding shortages and individual MACOM/installation needs prioritization. In FY99, the program turned this corner, due largely to renewed OSD focus on fitness and to USACFSC initiatives within the Army to ensure standards are established, maintained, and measured through the MWR BoD. Other initiatives, both past and future, to "jump start" the program include:

- Army standards to complement DOD standards in staffing, training, equipment, and facilities; programming and monitoring will be done through the MWR BoD.
- A centralized equipment procurement program.
- A centrally funded annual training program, including biomechanics, fitness certification, and sports administration, to complement fitness certification training for 100 MACOM and installation personnel in FY98 and a 3-track fitness program conducted in FY99 for 100 MACOM and installation personnel.
- Fitness center prioritization in the MCA program.
- Increased APF support in the FY 00-05 budgets.
- MWR BoD "mission box" sports and fitness standards.
- Standard fitness center facility designs updated to new DOD standards.

During FY99, departmental sports provided 700 soldier-athletes the opportunity to advance in 17 sports. Army teams won 12 of 21 contested Armed Forces championships, capturing gold in men's basketball, women's basketball (for the 8<sup>th</sup> consecutive year), wrestling, boxing, men and women's track and field (both for the 8<sup>th</sup> consecutive year), men and women's tennis, taekwondo, and men and women's racquetball. Despite funding constraints and the use of redirected military manpower, the sports and fitness program continues to provide soldiers and families opportunities to learn and play the sport of their choice. The program offers a wide range of services, including fitness training, intramural, and individual sports and health promotion. On Army surveys, soldiers and families consistently rank sports and fitness in the top five programs for importance and use.

### Financial Information

Average Army Data

	FY 98	FY 99
COGS	62.5%	58.9%
Labor	96.1%	77.2%
Other Op. Exp.	36.1%	32.6%

Figure 5-20

### Total Operating Costs

\$ Millions

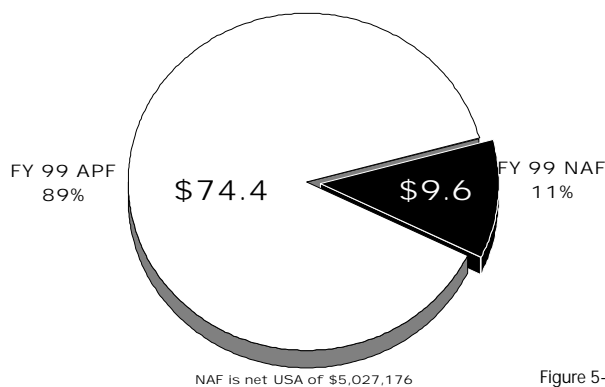


Figure 5-21

### NAF Operations

\$ Millions  
■ FY98 □ FY99

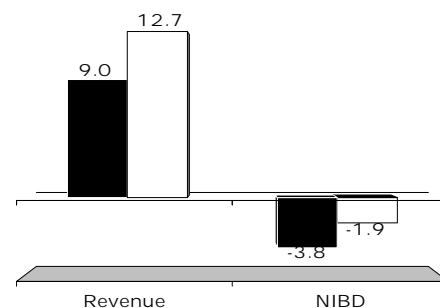


Figure 5-22



## Libraries

Total APF support for libraries in FY99 was \$32.6M, down \$3.4M from FY98. This support covered the cost of labor (for librarians, technicians, and library aids), supplies, equipment, maintenance, technology, and development of library collections/services. Total NAF operating costs decreased in FY99, with \$.3M expended for the year compared to \$.8M in FY98. Total NAF support, excluding USA monies, funded staffing and other operating costs where APF shortfalls existed. The overall decrease in NAF equates to 1 percent of total program funding (APF and NAF), compared to 2 percent in FY98.

Libraries continue to play a prominent role in the military community as the installation's corporate information database. Libraries provide access to in-house research materials and referrals to other information resources, in all formats, both on and off the installation. Libraries emphasize programs to meet educational requirements, mission support requisites, and information needs of soldiers and their families. In FY99, a library strategic plan was developed with goals to further the libraries' mission, assure command attention, and fully integrate libraries into 21<sup>st</sup> century technology.

The first library in a contingency environment was established at Camp McGovern, Bosnia. The library offers books, newspapers and magazines, on-line reference databases, and internet access. Additional libraries in Bosnia will be established in FY00.

Central purchase of library reference materials in FY99 was down 50 percent from FY98. The materials purchased (\$277,000 for CD ROMS, hardcover material and on-line databases) delivered critical information resources to communities and saved Army dollars by realizing quantity purchase discounts. To support isolated soldiers, including soldiers assigned to the Balkans, the USACFSC spent approximately \$659,000 in FY99 on paperback books. Although funding for paperback book kits in FY99 remained stable, overall funding for the paperback book kit program is down 30 percent from previous years.

To assist libraries undergoing an A76 contracting-out process, a prototype performance-work statement was developed and placed on the Army MWR web site. Installations were encouraged to use the PWS to assure that quality services are available for soldiers regardless of who operates the library.

Baseline standards for libraries were developed and approved by the MWR BoD. These standards include both resource and quality elements. Once the standards are refined and an acceptable assessment plan developed, shortfalls will be determined and dollar requirements positioned in the program objective memorandum. The intent of the standards is to provide a tool to develop quality libraries for soldiers that are equal to or better than services found in the American communities that soldiers have pledged to defend.

Libraries supported the Young Reader's Project, sponsored by the Armed Services YMCA, and developed enrichment activities for school-age children. Summer reading programs flourished, as did classes to teach computer skills in searching the internet, developing home pages, and using e-mail. Librarians provided classes in developing research skills to any group requesting service but were most appreciated by soldiers working on academic degrees.

The Army Corps of Engineers and MEDCOM hosted the annual Army Library Institute in New Orleans, LA, in June. The program focused heavily on strategic planning and technology. Librarians received additional training throughout the year using Army Civilian Training, Education, and Development dollars for competitive developmental assignments.

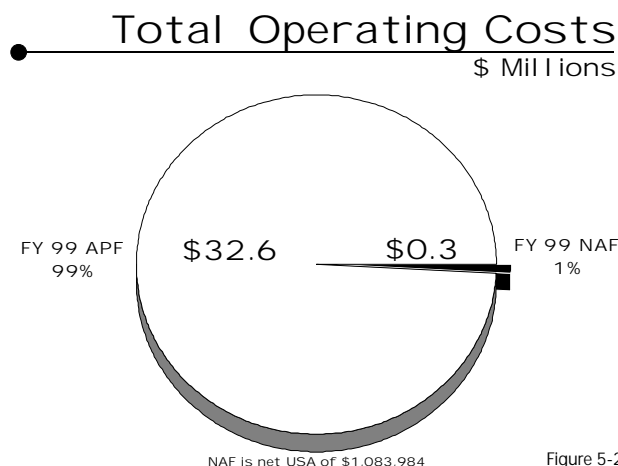


Figure 5-23

### NAF Operations

\$ Millions  
■ FY98 □ FY99

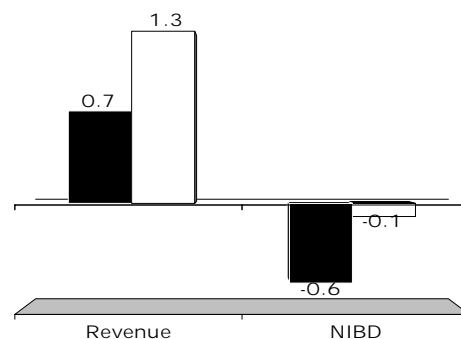


Figure 5-24

## Outdoor Recreation

Appropriated fund support for outdoor recreation programs declined for the third consecutive year. Direct APF support declined by \$300K in FY99, which reduced the APF to NAF funding ratio to 30 percent APF and 70 percent NAF – a complete reversal of the authorized mix of 65 percent APF and 35 percent NAF in Category B programs. Outdoor recreation personnel continue to keep the program financially viable, even with a continuing loss of APF support (from \$18.2M in FY97, to \$17.1M in FY98, and \$16.8M in FY99). Management increased the use of NAF in areas where APF is authorized. Revenue in FY99 increased by \$7M from \$42.7M to \$49.7M. Program NIBD increased from \$7.6M to \$10M.

Outdoor recreation continues to grow in popularity on military installations as well as nationwide. The correlation between outdoor recreation and the military mission is based on elements of adventure, wellness, and fitness. Installation outdoor recreation staffs provide a wide variety of high-quality equipment, a wide range of introductory classes, and specialized programs to meet customer needs and interests. High adventure and wilderness activities top the list of interests, with programs such as wilderness survival, rock climbing, and white-water rafting catering to these interests.

Major advances in program standards took place in FY99, with plans for an Outdoor Recreation steering committee coming online in early FY00. This group will recommend policy changes, provide groundwork for exploring issues pertinent to outdoor recreation, and develop an all-encompassing strategic plan to guide the Army Outdoor Recreation program into the future.

Major construction and renovation projects executed in FY99 expanded program offerings and improved installation abilities to meet customer needs. Examples include the expansion of the Fort Eustis Outdoor Recreation Lodging program and the renovation of the Camp Kilauea Recreation Lodging program.



Whitewater rafting at Fort Knox, Kentucky.  
- Photo courtesy of Fort Knox Public Affairs

### Financial Information

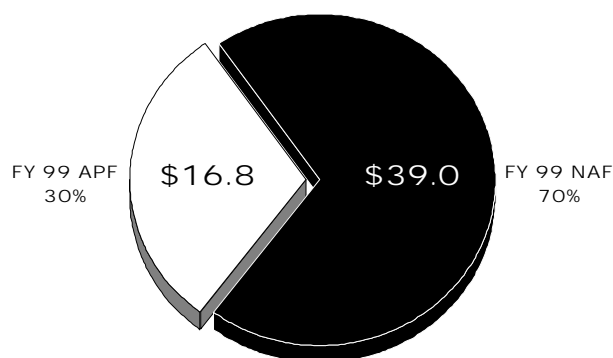
Average Army Data

	FY 98	FY 99
COGS	55.4%	54.8%
Labor	38.0%	34.5%
Other Op. Exp.	29.1%	32.1%

Figure 5-25

### Total Operating Costs

\$ Millions



NAF is net USA of \$735,831

Figure 5-26

### NAF Operations

\$ Millions  
■ FY98 □ FY99

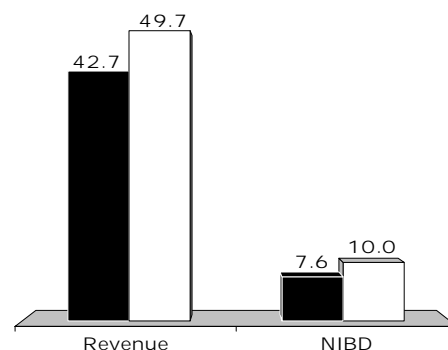


Figure 5-27

## Recreation Centers (Community Activity Centers)

Community recreation center programs experienced an increase of \$3.0M in total funding in FY99, reflecting an increase in APF support of \$3.9M and a decrease in NAF support of \$.9M. The funding ratio was 79 percent APF to 21 percent NAF, or a 30 percent increase in APF and a 17 percent decrease in NAF in one fiscal year. This is the first increase in APF support since FY95, bringing the program closer to the goal of 100 percent APF support authorized for Category A activities. Five MACOMs executed more than 100 percent of their APF dollars, with the majority of the support executed for personnel and equipment.

Community recreation center staffs continue to implement the recreation delivery system as the model for delivering programs and services. The benefit of implementing the system is to provide customer-driven programs and use resources more effectively and efficiently. Recreation programs are moving to a benefits-driven program focus. To support this trend, a benefits-based program model was introduced during Army Leadership Training at the National Recreation and Park Association Congress in October 1999. Through the application of the Benefits Based Programming model, staff can focus on identifying, documenting, and articulating the benefits of soldiers participating in recreation programs.

The trend toward constructing community activity centers continues. These community centers offer a single point of access to information and registration and provide programs and services for the entire family. Construction is underway for a CAC at Camp Hovey, Korea, with requests for three more CACs in Korea over the next four years. The most common program areas in CACs include small and large game rooms for staff- and self-directed programs, outdoor program areas, a TV/movie lounge, a reading room, an arts and crafts area, a fitness area, and indoor or outdoor pools. Services include snack bar operations, computer access, outdoor recreation equipment rental, leisure travel and tour information, library services, and retail operations. These facilities provide year-round social, recreational, and cultural activities for the entire Army community and are essential during mobilization and deployments.



**Financial Information**  
Average Army Data

	FY 98	FY 99
COGS	51.0%	48.4%
Labor	43.4%	53.3%
Other Op. Exp.	63.7%	42.3%

Figure 5-28

### Total Operating Costs

\$ Millions

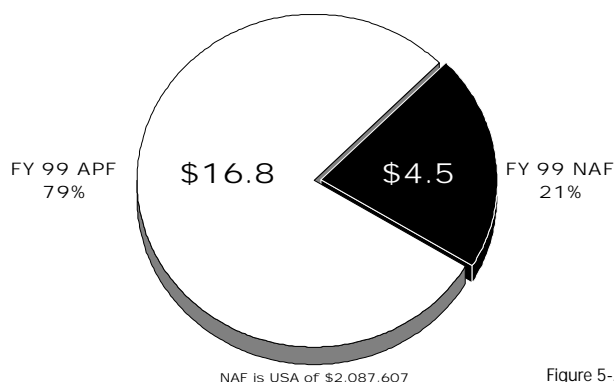


Figure 5-29

### NAF Operations

\$ Millions  
■ FY98 □ FY99

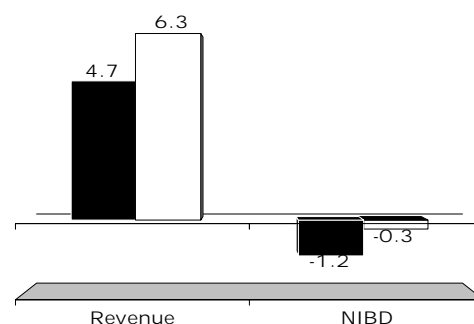


Figure 5-30

## World Class Athlete Program

The primary focus of the World Class Athlete Program in FY99 was to prepare athletes to compete in the PanAmerican Games, and to qualify athletes for the Olympic trials.

Six members of the WCAP brought home medals from the PanAmerican Games held in Winnipeg, Canada: SPC Dominic Black won a gold medal in freestyle wrestling; SPC Dremiel Byers won silver and SGT Glenn Nieradka won bronze in Greco-Roman wrestling; SPC Brett Weatherbie won silver in modern pentathlon; SPC Dan Steele won silver in decathlon; and SGT Corey Bernard won bronze in boxing.



SPC Dominic Black, gold medalist in freestyle wrestling (97kg) at the PanAmerican Games.

- Photo by SSG Jeremy Loud

The WCAP was well represented at the second largest international sporting competition in the world – The World Military Games, in Zagreb, Croatia. Thirty WCAP athletes participated in the games and garnered 9 medals. The modern pentathlon team of CPT James Gregory, SPC Brett Weatherbie, and SPC Chad Senior won the team gold medal. SPC Chad Senior also went on to win the first biathlete world championship – a newly introduced run-swim competition.

An impressive list of WCAP athletes qualified for upcoming Olympic trials competitions. This list includes 10 boxers, 3 rowers, 1 road cyclist, 2 modern pentathletes, 1 taekwondo athlete, 13 track & field athletes, and 7 wrestlers. In addition, 7 WCAP athletes won national championships in their sports: SPC John Medina – boxing; SPC Dremiel Byers, SPC Dominic Black, and SGT Glenn Nieradka – wrestling; SGT Andrew Roberts and PFC David Bartlett – taekwondo; and SPC Dawn Burrell – long jump. SPC Burrell ended 1999 ranked #6 in the world, up two places from 1998.



The modern pentathlon team of SPC Chad Senior, SPC Brett Weatherbie, and CPT James Gregory took home a team gold medal at the World Military Games.

- Photo by SSG Jeremy Loud

The WCAP team of CPT Jason Stewart, 1LT Dan Browne, SPC Shawn Found, and SPC Sam Wilbur won the 4km Cross-Country National Championship in Tacoma, WA. In the process, CPT Stewart and 1LT Browne qualified for the World Cross-Country Championship and traveled to Belfast, Ireland to represent the USA.

The WCAP also began training for the 2002 Winter Olympic Games. Eight soldiers began biathlon training at the national training center in Colchester, VT, and six soldiers began bobsled training at Lake Placid, NY. Both groups plan to compete on the national and international level through the 1999-2000 winter competitive season.



SPC Dan Steele, decathlon silver medalist at the PanAmerican Games.

- Photo by Kirby Lee

SGT Glenn Nieradka, bronze medalist in Greco-Roman wrestling at the PanAmerican Games.

- Photo by SSG Jeremy Loud



SPC Dremiel Byers, silver medalist in Greco-Roman wrestling at the PanAmerican Games.

- Photo by SSG Jeremy Loud

SGT Corey Bernard, bronze medalist in boxing at the PanAmerican Games.

- Photo by SSG Jeremy Loud





## Food and Beverage Operations

Army food and beverage operations (including clubs, theme concepts, and other operations) generated an NIBD of \$8.1M from \$185M in total revenue. Though revenue continued to decline, facilities are actually maintaining a positive NIBD of 7.9 percent in food, surpassing the 6 percent MWR BoD's food standard. Efforts to control labor and other operating expenses in food and beverage facilities, while maintaining customer satisfaction and meeting local demand, are garnering substantial results. Club labor expense has decreased from 44.1 percent in FY98 to 42.5 percent in FY99. This trend in controlling expenses indicates managers are continually refining and adjusting operations to meet both service demands and financial objectives.

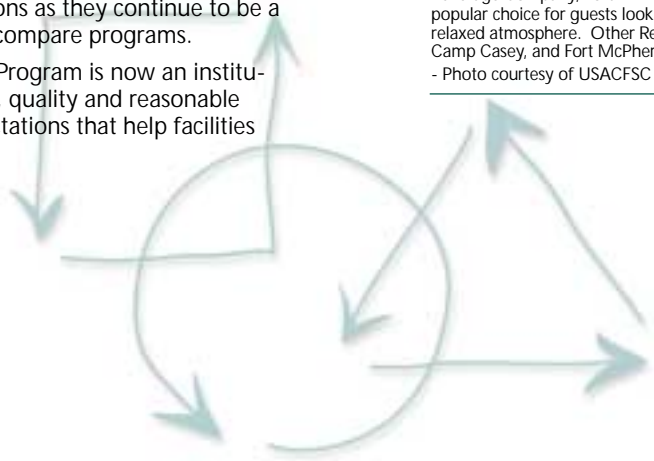
The influence of the BoD's standard will continue as commanders and staff work to achieve an aggregate food and beverage 7 percent NIBD for FY00. More and more management effort is directed at reducing and eliminating losing operations. Army benchmarks for food and beverage are also undergoing an evolution process, making them more applicable to day-to-day operations as they continue to be a very useful tool to evaluate and compare programs.

The Joint Services Prime Vendor Program is now an institutionalized program. Consistency, quality and reasonable prices are customer's basic expectations that help facilities maintain a competitive posture.



Soldiers enjoy a garden salad and home-made soups at Reggie's Beverage Company, Fort Irwin. The lunch-time buffet is a popular choice for guests looking for a fresh, quality meal in a relaxed atmosphere. Other Reggie's operate at Fort Benning, Camp Casey, and Fort McPherson.

- Photo courtesy of USACFSC Business Programs



### Club and Other Non-Theme F&B Operations

#### NAF Operations

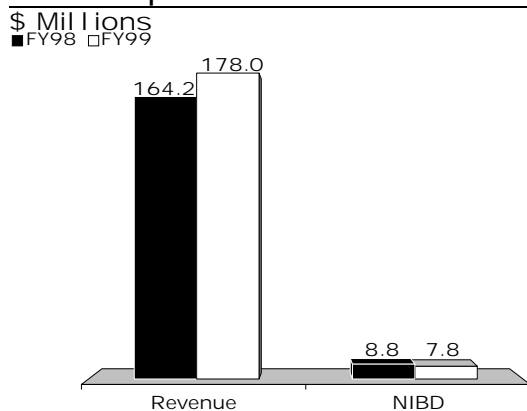


Figure 5-31

### Theme Operations

#### NAF Operations

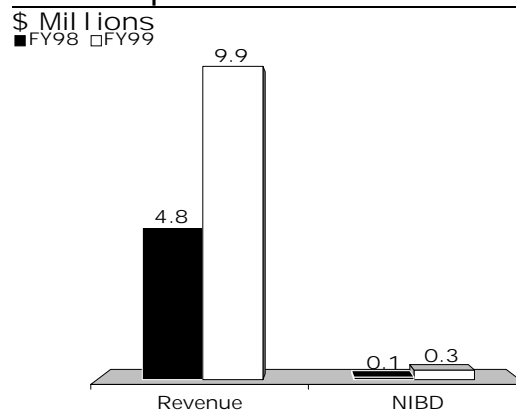


Figure 5-32



## Clubs and Other Non-Theme F&B Operations

In FY99 Army clubs and non-theme food and beverage operations produced a NIBD of \$7.8M, or 4.4 percent of total revenue. Without accounting adjustments for losses due to closures, the NIBD would be well over \$9.8M, exceeding the \$8.8M NIBD in FY98.

Bingo set new financial performance records in FY99, producing over \$44.2M in revenue and \$7.6M in NIBD. Bingo continues to be a major program in the communities and a positive contributor to the fund. Bingo workshops are scheduled in FY00 to help managers maintain and build their programs.

The BoD approved central funding to site license the CIAO! point of sales system. Facilities that replace old systems and install new systems will be required to use the CIAO! system.

Army catering has become a major portion of club activity, growing from 5 percent of revenue in FY95 to more than 15 percent in FY99. New customer demands and catering service trends will continue to make this program an integral part of club operations. A new series of catering workshops is being developed and scheduled to support the training needs of these professionals.

In FY99, the BoD approved funding for a club renovation project in Mannheim. Project validation assessments were also approved for a banquet and lodging facility in Bamberg, a combined club and conference center at Schofield Barracks, a combined club, catering, and golf facility at Fort Campbell, a club renovation at Darmstadt, and a club renovation at Fort Monmouth.

## Theme Concepts

Branded theme operations are changing the face of Army food, beverage, and entertainment programs. These exciting restaurant and entertainment centers, located in either stand-alone facilities, clubs, bowling centers, or golf courses, compete successfully with popular off-post establishments and give soldiers what they want. In FY99, the Army opened 13 theme restaurants, bringing the total number of Army branded theme operations to 32. In FY99, total revenue for Theme Concepts added \$9.9M in revenue to club, bowling, and golf programs, resulting in an NIBD of \$293K. The NIBD was lower than in the past due to expenses associated with opening 16 units in twelve months.

An independent contractor evaluation of the eight Primo's Express units served as the basis for the second Annual Primo's Service Award selection. This year's winner was the Primo's Express unit in Sports USA, Fort Hood, TX.

A contract in place with Orion Food Systems, the number one multiple brand foods franchiser in the United States, allows the use of their quick-service branded concepts in Army MWR facilities. Four Orion concepts are now open on Army installations with eight more programmed to open in FY00. The Orion contract adds eight quick service brands to the Army's five proprietary brands, providing 13 theme concepts for installations to choose from in the Army's portfolio. Orion provides one-stop service for site selection, custom design and layout, equipment, training, marketing, product development, product distribution, and grand opening support. The contract includes follow-up visits every 21 days for training and quality assurance. No franchise, license, or royalty fees are charged to the installation.

The Army is also soliciting proposals from national brand, casual, full-service restaurants that have expressed an interest in expanding their nontraditional market to military installations. With the addition of the eight Orion brands, contracts with other national brand full-service chains, and the Army branded concepts, MWR intends to keep pace with the demand for quality food and beverage program offerings.

## Total Financial Information

Financial Information Average Army Data		
Clubs & Other F&B	FY 98	FY 99
COGS	36.0%	35.6%
Labor	44.1%	42.5%
Other Op. Exp.	27.9%	29.8%
Themes	FY 98	FY 99
COGS	36.1%	36.4%
Labor	52.5%	53.9%
Other Op. Exp.	12.2%	21.5%



The newest Sports USA, at Fort Bragg, is as attractive on the inside as it is on the outside. It features modern sound and light, direct-connect sports TV, gaming areas, a video arcade, a Primo's Express, and much more.

- Photo courtesy of USACFSC Business Programs

Figure 5-33

## Bowling

In FY99, patrons in 110 bowling centers bowled 9.9M lines on 1,904 lanes, producing \$42.5M in total revenue and \$5.9M in NIBD. As a percent of revenue, NIBD was 13.8 percent, just short of the upcoming MWR BoD standard of 15 percent that begins in FY00. More than half (58) of the Army's bowling centers obtained a NIBD of 15 percent or more of total revenue. Combined food and beverage departments showed an impressive 18.2 percent NIBD on total revenue of \$18.2M. Cost-of-goods and labor for all departments was 40.5 and 52.8 percent of total revenue, respectively.

The Army bowling program operated three Strike Zone theme operations in FY99: Fort Shafter, Mannheim, and Fort Myer. Fort Shafter, the flagship Strike Zone, continued to set standards for theme snack bars. Mannheim and Fort Myer both showed impressive gains in total revenue and NIBD during the year.

Striker, the Army's bowling mascot and the latest addition to the bowling program family, appeared at numerous grand openings, special events, and holiday celebrations. He was seen out and about on installations such as Fort Jackson, Carlisle Barracks, Fort Belvoir,

West Point, Fort Leonard Wood, Fort Myer, and White Sands Missile Range. Striker is available through the USACFSC and is free for use by installations.

A major breakthrough in the collection of management data was the development of interfaces between AMF and Brunswick scoring systems and RecTrac!. The interface will minimize data entry and allow bowling center management maximum flexibility as to the transaction types processed in AMF or Brunswick versus the ones processed in RecTrac!. The interfaces will be implemented when RecTrac! version 2.0 is fielded in FY00.

Three bowling construction projects went to design in FY99: a renovation at Fort Belvoir, an addition and renovation at Heidelberg, and a new 48-lane center at Fort Hood. Project validation assessments for FY01 NAF major construction projects were completed at Stuttgart and Fort Leonard Wood.

The Army, Air Force, Navy, and Marines are working together to develop a bowling manager's certification program for recognition by DOD. The certification program will increase bowling manager professionalism and will be released in FY00.



SPC William Trabazo and his wife Maria give son William Jr. a bowling lesson at the Fort Bliss Bowling Center.  
- Photo by Jose Santa Cruz

## NAF Operations

\$ Millions  
■ FY98 □ FY99

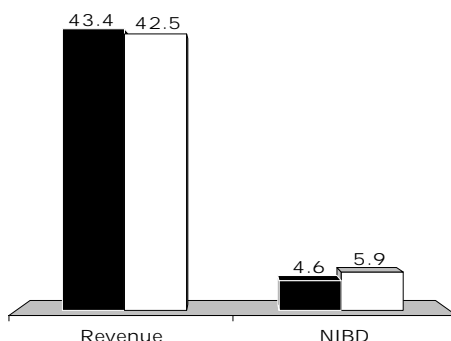


Figure 5-34

### Financial Information Average Army Data

	FY 98	FY 99
COGS	40.4%	40.5%
Labor	52.1%	52.8%
Other Op. Exp.	13.8%	13.7%

Figure 5-35

## Golf

The Army golf program closed out another successful year operationally and financially. Army golf patrons recorded 2.3M rounds played and generated an NIBD of \$10.3M on revenues of \$66.2M, for a 15.5 percent profit. Twenty-two courses exceeded the FY00 MWR BoD standard of 15 percent NIBD. Financial results exceeded FY98 results by \$300K NIBD. Overall, cost of goods sold dropped from 59.8 percent to 58.4 percent, labor rose 0.7 percentage points to 47.9 percent, and other operating expenses declined 0.5 percentage points to 19.2 percent for FY99. Per round NIBD for Army golf was \$4.38 — an 8.1 percent increase over the \$4.06 achieved last year.

Food and beverage operations improved in FY99, with sales of \$9.5M and NIBD exceeding \$953K, for a 9.3 percent profit. Snack bars accounted for 52 percent of food and beverage sales. Pro shop sales exceeded \$9.8M, with a 77.6 percent cost of goods sold. Greens operations contributed total revenue of \$30.8M, with a NIBD of \$23.3M. Golf cart operations had revenues of \$8.9M, with a NIBD of \$6.8M.

Training continues to be a primary focus. Twenty-seven golf course superintendents and four course managers attended two weeks of intensive training

at Texas A&M University from November to December 1998. This was the first training of military turf grass specialists from all parts of the globe, representing both warm and cool season grasses. Integrated pest management techniques and environmental concerns were also addressed.

In September 1999, Army golf hosted the inaugural Army Hole-in-One Contest—the “Shot of the Century.” More than 50 installations participated, with 3,000 finalists and one grand prizewinner. Retired Marine Larry Price aced his shot at the Fort Gordon Lakes Course and was awarded a check for \$20,000. This will be an annual event, and a similar contest will be exported to soldiers deployed in Bosnia.

Fort Hood, TX, and Selfridge Air National Guard Base, MI, completed course additions and renovations in FY99. Course expansions are in the design phase for Fort Lee, VA, and Fort Gordon, GA.

Golf program innovations include a purchase review board to propose products and services for mandatory buy and a standardized inventory control system for golf product sales accounting.

Larry Price takes home the cash after making the “Shot of the Century” at the Army-wide Hole-In-One Contest.  
- Photo by Bill Sport



## NAF Operations

\$ Millions  
■ FY98 □ FY99

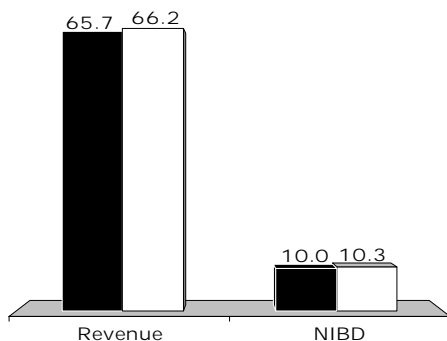


Figure 5-36

### Financial Information

Average Army Data

	FY 98	FY 99
COGS	59.8%	58.4%
Labor	47.2%	47.9%
Other Op. Exp.	19.7%	19.2%

Figure 5-37

## Leisure Travel

FY99 was a tumultuous year for leisure travel. Concession fee reductions that began in FY98 continued, as airlines reduced commission payments to travel contractors from eight percent to five percent. These reductions caused two commercial travel contractors to request, and Military Traffic Management Command to grant, that concession fees be reduced to zero. Then, one contractor demanded the right to add transaction fees, paid by the customer, to the cost of airline tickets. If their demand was not approved, that contractor advised they would no longer provide service as of 10 January 2000. The other contractor showed a willingness to negotiate on transaction fees and will continue to provide travel services in FY00. As airlines further reduce commission payments to agents, fees paid to MWR will continue to decline.

Concession fees from commercial travel declined from \$4.1M in FY98 to \$3.8M in FY99. Some commercial travel income is reported under improper program codes; only program code LS should be used to report Commercial Ticket Office income. Net income from the combined CTO and Information, Ticketing, and Registration programs in FY99 was \$4.4M, the same as for FY98. The drop in concession fees from CTO contracts was offset by increased earnings from the ITR program. Income from ITR increased nearly 35 percent, from less than \$500K in FY98 to nearly \$700K in FY99. This was the fifth consecutive year ITR improved from prior year earnings.

The Armed Forces Vacation Club generated interest and activity beginning in August 1999. For \$209, patrons can book luxury resort condominiums on a space available basis and NAFIs receive a \$20 fee from each reservation.

A contract to evaluate the Virtual Ticket Office will be implemented at two test locations in spring 2000. The concept includes kiosks that issue reserved tickets for concerts and sports events, as well as nonreserved tickets for attractions and motion picture theatres. The VTO can be used to ticket on-post-special events. Assuming evaluation results are positive, the VTO will be available throughout CONUS by summer 2000. In addition to ticket kiosks, the VTO will also be accessible to users via toll free telephone numbers and through an on-line web site.

### Financial Information

Average Army Data

	FY 98	FY 99
COGS	90.4%	85.9%
Labor	13.7%	14.8%
Other Op. Exp.	21.9%	24.1%

Figure 5-38

### Total Operating Costs

\$ Millions

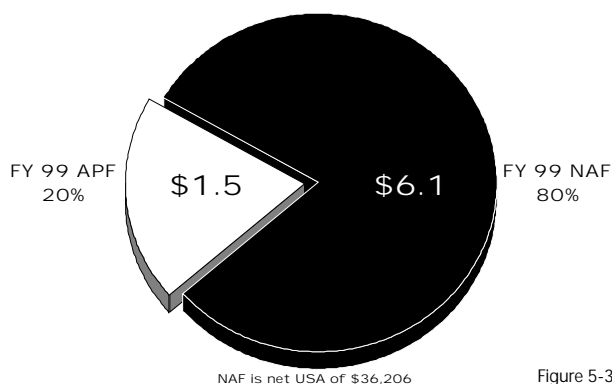


Figure 5-39

### NAF Operations

\$ Millions

■ FY98 □ FY99

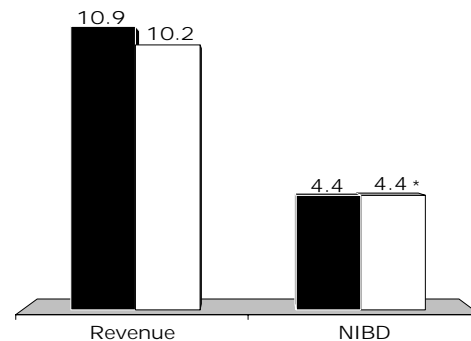


Figure 5-40

## Recycling

Recycling continues to increase in quantity and quality, as more items are recycled to reduce the solid waste stream. Government efforts to reduce, reuse, and buy recycled materials have assisted in reducing land fill disposal by providing methods for installation activities and personnel to support the overall program goals.

A small but important part of the recycling efforts is the qualified recycling program that operates at many installations. The program allows the commander to keep the proceeds from the sale of recyclable material, after expenses. The program may be operated by any installation activity, though it is usually performed by the Directorate of Public Works or the Directorate of Community Activities. Such operations generate more than \$8.6M in revenue and almost \$2.3M in NIBD to the installation MWR program each year, not including funds from QRPs that are spent by installation commanders for pollution abatement, energy conservation, or occupational safety and health projects.

New measures of merits are in effect that will accurately record recycling rates. These measures will assist the program in complying with various laws so that, in the future, accurate statistics on recycling rates versus landfill disposal will become available.

### Financial Information

Average Army Data

	FY 98	FY 99
COGS	85.7%	86.6%
Labor	56.5%	62.3%
Other Op. Exp.	12.2%	11.0%

Figure 5-41

## Guest Houses

Although Guest Houses saw a 4.9 percent decline in revenue from FY98 to FY99, NIBD increased by 22.6 percent. This increase is attributed to the 2.8 percentage point decrease in labor which accounts for the vast majority of expense in Guest House operations.

In October 1998, the BoD approved a test merger of TDY facilities and guesthouses under "one roof" management to increase efficiency and eliminate duplication. In February 1999, the BoD concluded there was no need for the test since several installations had already moved lodging management under MWR/DCA oversight while retaining a separate fund structure. The BoD directed that MWR assume operational and financial management of all lodging at every MACOM and installation. The BoD also directed that an executive level PAT should determine the most efficient operational model, and requested the development of capital reinvestment standards for TDY and guesthouse facilities to ensure quality standards in all Army lodging facilities.

### Financial Information

Average Army Data

	FY 98	FY 99
COGS	39.2%	47.3%
Labor	47.9%	45.1%
Other Op. Exp.	23.6%	22.9%

Figure 5-43

## NAF Operations

\$ Millions  
■ FY98 □ FY99

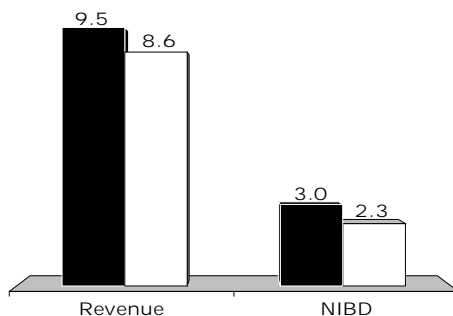


Figure 5-42

## NAF Operations

\$ Millions  
■ FY98 □ FY99

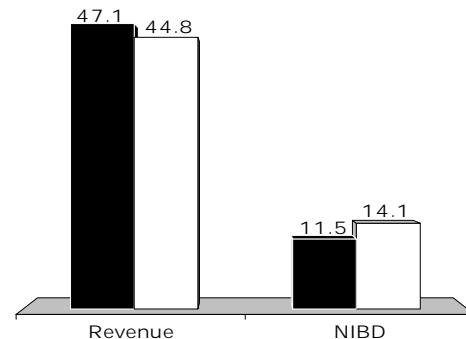
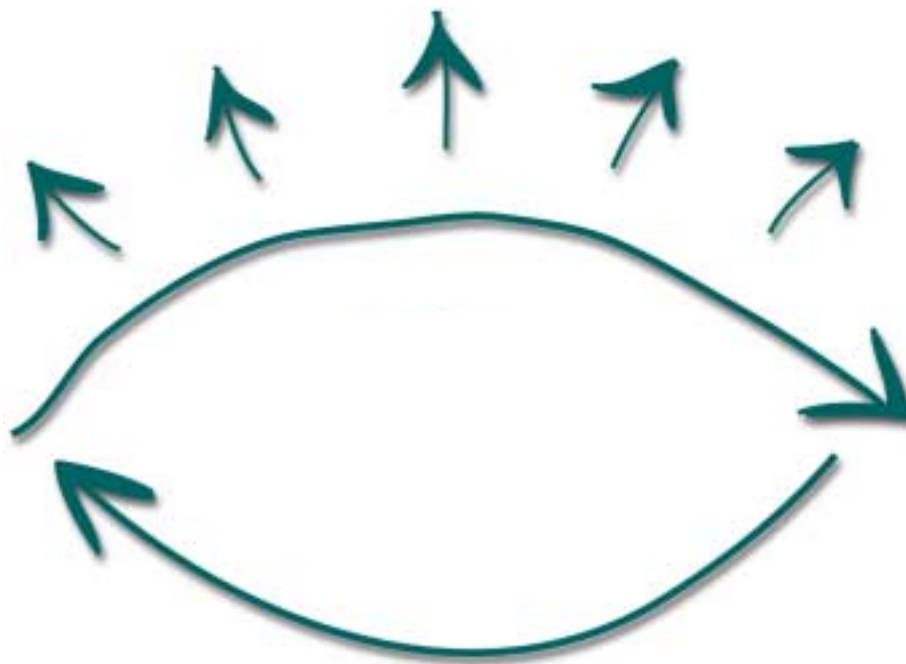


Figure 5-44



# AUDIT



## ... results

### Process

Independent commercial auditors audited the balance sheets, statements of operations, changes in fund balances, and cash flows for the year ending 30 September 1998. An unqualified audit opinion was rendered for the Army Morale, Welfare, and Recreation Fund; NAF Employee Retirement Plan; Central Insurance Fund; Banking and Investment Fund; Medical/Life Fund; Hospitality Cash Management Fund; NAF Employee 401(k) Savings Plan; Billeting Fund; Hospitality Directorate Fund; Recreation Machine Trust and Operations Fund; and the Armed Forces Recreation Centers in Europe, Korea, Orlando, and Hawaii. Annual audits are required by DOD Instruction 7600.6.

Auditing standards issued by the Comptroller General of the United States require that the auditors plan and perform these audits to obtain reasonable assurance that the financial statements are free of material misstatement. These audits include examining — on a test basis — the evidence that supports the amounts and disclosures in the financial statements. The audits also assess accounting principles used, significant estimates made by management, and the overall financial statement presentation. The auditors believe their audits provide a reasonable basis for their unqualified opinion. Financial audits for FY99 are in progress.

Status reports on the following audits were presented to the MWR BoD's Audit and Executive Committees:

- GAO: This audit concentrated on the Air Force Child Care Center program. The audit concluded that although the services' cost of child care was slightly higher than comparable private sector programs, the cost was offset by factoring in the significantly greater number of young children that are cared for in the military programs. Younger children require more caregivers, which elevates personnel costs.
- DODIG: The Uniform Resources Demonstration Project allowed APF resources to be spent using NAF rules. Two Army locations participated in the test: Fort Campbell and White Sands Missile Range. The USAAA performed a four-phase audit and issued four reports that validated the results of the test. After coordinating the services' reviews, the DOD Inspector General

ensured that DOD has the basis for a report to Congress with reasonably accurate data depicting improved MWR services in the areas of personnel and procurement. Other issues to address are accountability, personnel, and a potential loss of APF.

- Army Audit: The US Army Audit Agency reviewed the general policies and procedures used to implement the utilization, support and accountability funding practice for the Army MWR program at the USACFSC and three Army installations in CONUS reporting to separate major commands. The USACFSC guidance for the funding practice was extensive and addressed all major issues, and all installations reviewed were properly using the funds in accordance with the guidance. As a result of using the funding practice, the installations have realized efficiencies and accomplished tasks that otherwise might not have been possible.

- USAAA planned audits for FY00 include the NAF payroll and the lodging success program.

### Audit Work Years

Time spent by USAAA and all Army Internal Review offices auditing NAF programs is shown at Figure 6-1. Total time devoted to auditing NAF programs remained the same for FY98 and FY99. Internal Review audit time, however, increased from 33 to 38 man-years, and USAAA time decreased from 23 to 18 man-years.

### NAF AUDIT MAN-YEARS

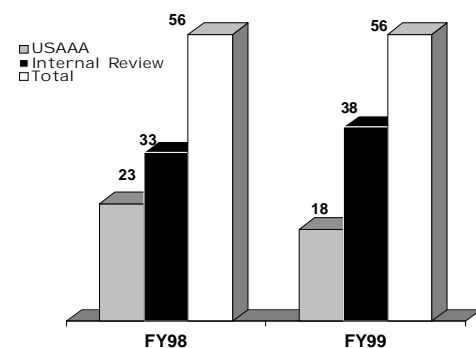


Figure 6-1

## Notes

All dollar figures used in the text and charts are rounded to the nearest \$100 thousand.

Throughout this report, "\$M" designates millions, and "\$K" designates thousands.

Throughout *Programs*, labor and other operating expense percentages used in the "Average Army Data" financial information boxes are a percent of total revenue.

Cost of goods sold percentages are a percent of sales.

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